

# Idaho Economic Forecast

DIRK KEMPTHORNE, Governor

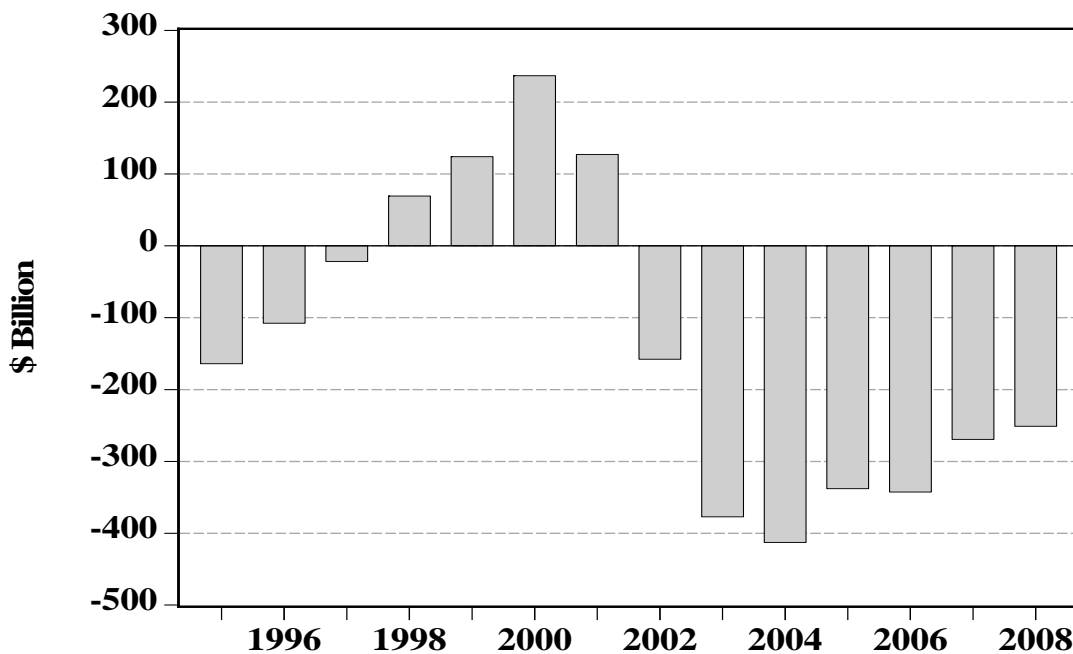
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- Forecast 2005-2008
- Housing Markets and Demographics
- Alternative Forecasts

## U.S. Federal Government Surplus Unified Basis



Source: Global Insight

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**IDAHO  
ECONOMIC  
FORECAST  
2005 - 2008**

State of Idaho  
**DIRK KEMPTHORNE**  
Governor

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## PREFACE

Idaho's economy continues to grow and evolve as it enters the 21<sup>st</sup> Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit card companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

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## INTRODUCTION

The national forecast presented in this publication is the September 2005 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the June 2005 Global Insight baseline national forecast.

One of Hurricane Katrina's victims is the federal deficit. Up until the time the nation's costliest storm made landfall, it appeared the unified federal budget deficit would shrink in fiscal year 2006. As the cover chart shows, the huge government outlays resulting from the hurricane will once again send the deficit south. However, this should be a temporary setback, and the federal deficit should begin shrinking again beginning in fiscal year 2007.

## FEATURE

The article entitled "Housing Markets and Demographics" is featured in this edition of the *Idaho Economic Forecast*. John Krainer, an economist with the San Francisco Federal Reserve Bank, wrote this article. Several factors have been cited for the U.S. housing sector's recent strength. These include low mortgage interest rates, high income growth, and strong price appreciation. With all the attention focused on these factors, other important factors have not received the attention they deserve. Mr. Krainer's article sheds much-needed light on one of the fundamental forces that has and will continue to shape the housing industry: demographics.

## THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1991 to 2008 and for every quarter from 2003 through 2008. The solution of the Idaho Economic Model (IEM) for this forecast begins with the third quarter of 2005.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

## CHANGES

The historical employment data used in this forecast was provided by the Idaho Department of Commerce and Labor and was seasonally adjusted by the Idaho Division of Financial Management (DFM). The data consists of final employment estimates through the first quarter of 2005 and preliminary data for the second quarter of 2005. These data show Idaho nonfarm employment was 604,700 in this year's first quarter and 608,300 in the second quarter. Both were much higher than had been forecast in July 2005. Specifically, it was previously reported there were an estimated 597,800 jobs in the first quarter of 2005 and a projected 601,300 jobs in the second quarter of 2005. Once again, this improvement reflected the strength of the state's construction sector. The current data show this sector's employment was 1,600 higher in the first quarter of 2005 than had been reported in July 2005 and its second quarter employment was 2,600 higher than had been previously forecast.



The tables in this forecast include the U.S. Bureau of Economic Analysis' September 2005 estimates of Idaho quarterly personal income through the second quarter of 2005. Not only has an additional quarter of data been added to the personal income data, but the data have also been revised back through 2002. While data are routinely revised, there have been significant changes to some of these data that need to be pointed out. This can be seen by comparing the previous BEA Idaho personal income release to the current release.

Current Idaho nominal personal income is \$558 million lower in 2002, \$748 million lower in 2003, and \$481 million lower in 2004 compared to the previous estimates. Revisions to nonfarm proprietors' income and dividends, interest, and rent income accounted for most of the changes.

The *Idaho Economic Forecast* is available on the Internet at [http://dfm.idaho.gov/Publications/Econ\\_Publications.html](http://dfm.idaho.gov/Publications/Econ_Publications.html). Readers with any questions should contact Derek Santos at (208) 334-3900 or at [dsantos@dfm.idaho.gov](mailto:dsantos@dfm.idaho.gov).

## SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at  
[http://dfm.idaho.gov/Publications/Econ\\_Publications.html](http://dfm.idaho.gov/Publications/Econ_Publications.html).

Printed copies of the *Idaho Economic Forecast* may be requested by contacting:

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## EXECUTIVE SUMMARY

The Gem State's economy once again outperformed the Division of Financial Management's (DFM) prognostications. A look at nonfarm employment and income show Idaho's economy has been growing fast indeed. Nonfarm employment advanced at a remarkable 6.8% annual rate during this year's first quarter—its best showing since 1994's second quarter. This year's strong start was followed by a 2.4% nonfarm employment gain in the second quarter of 2005. These gains are being fueled by the construction sector. Idaho construction employment soared to 45,500 in the second quarter of 2005. In July 2005 it was predicted annualized Idaho housing starts would peak at just under 23,000 units in this year's first quarter then decline to 21,200 units in the following quarter. More recent data suggest Idaho housing starts' first quarter peak was higher than predicted in July 2005 and its second quarter decline was not as steep as had been forecasted. Specifically, there were 23,300 annual housing units started in the first quarter and 22,600 units in the second quarter. Idaho nominal personal income improved in the first quarter of 2005, but this change is harder to detect because of a recent data revision. In order to gauge whether Idaho personal income was stronger than had been previously forecast, one needs to focus on the growth rates and not the levels of personal income. According to BEA's revised series, Idaho nominal personal income rose at an 8.6% annual rate in the first quarter of 2005 and by 6.7% in the second quarter. Under BEA's previous methodology, Idaho nominal personal income grew at a 4.3% annual pace in the first quarter of 2005, and DFM predicted it rose 2.8% in the following quarter. On an inflation-adjusted basis, the revised BEA data show Idaho personal income rose 6.2% and 3.4% in the first and second quarters of 2005, respectively. Idaho's stronger-than-expected nonfarm and personal income performances in the first half of this year has once again raised the forecast's bar. Idaho nonfarm employment is projected to increase 3.6% in 2005, 1.8% in 2006, 2.0% in 2007, and 2.1% in 2008. Under these conditions, Idaho nonfarm employment will rise to about 646,700 jobs in 2008, which is about 9,000 jobs above the previous forecast. Idaho nominal personal income should grow an average of 6.5% over the forecast period, a noticeable improvement over July 2005's 5.9% average annual growth rate. Idaho real personal income is forecast to increase an average of 4.2% per year.

Like it did most of the news this fall, Hurricane Katrina dominates this *Forecast*. The national economic forecast herein was released in early September 2005, during the brief lull between Hurricanes Katrina and Rita. As a result, the forecast includes the estimated economic impacts of Hurricane Katrina, but does not include the impacts of Hurricane Rita. National employment has fared better after the storm than had been anticipated. Global Insight's economists assumed a net job loss of 120,000 in September. The U.S. Department of Labor estimates the net job loss was just 35,000. Hurricane Katrina has raised the short-term inflation rate outlook, mainly through energy prices. Eventually, energy prices should retreat, but the decline will be gradual and a return to 2004 levels is not expected. The nation's central bank policymakers believe inflation is a greater risk to the economy than Hurricane Katrina's aftermath. As a result, the Federal Reserve continued its policy of raising its federal funds rate in 25-basis point increments to 3.75% on September 20, 2005. Katrina will have a bigger impact on fiscal policy than on monetary policy. Disaster relief will increase federal outlays, which is expected to boost the federal deficit to \$343 billion in fiscal year 2006. Hurricane Katrina has slowed the economy, but it has not sent it reeling. The storm's impact could have been worse, but the economy was growing at a strong clip, and this momentum should keep it from slipping into a recession. Down the road, the economy will actually benefit from efforts to rebuild the damage from one of the nation's worst natural disasters.

**IDAHO ECONOMIC FORECAST  
EXECUTIVE SUMMARY  
OCTOBER 2005**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>GDP (BILLIONS)</b>											
Current \$	8,747	9,268	9,817	10,128	10,470	10,971	11,734	12,473	13,185	13,887	14,664
% Ch	5.3%	6.0%	5.9%	3.2%	3.4%	4.8%	7.0%	6.3%	5.7%	5.3%	5.6%
2000 Chain-Weighted	9,067	9,470	9,817	9,891	10,049	10,321	10,756	11,135	11,513	11,885	12,293
% Ch	4.2%	4.4%	3.7%	0.8%	1.6%	2.7%	4.2%	3.5%	3.4%	3.2%	3.4%
<b>PERSONAL INCOME - CURR \$</b>											
Idaho (Millions)	27,287	29,068	31,290	33,054	33,823	34,660	37,394	40,172	42,801	45,349	48,056
% Ch	7.6%	6.5%	7.6%	5.6%	2.3%	2.5%	7.9%	7.4%	6.5%	6.0%	6.0%
Idaho Nonfarm (Millions)	26,350	28,054	30,448	32,039	32,906	33,915	36,286	39,041	41,735	44,230	46,930
% Ch	7.1%	6.5%	8.5%	5.2%	2.7%	3.1%	7.0%	7.6%	6.9%	6.0%	6.1%
U.S. (Billions)	7,423	7,802	8,430	8,724	8,882	9,169	9,713	10,295	10,965	11,586	12,266
% Ch	7.3%	5.1%	8.0%	3.5%	1.8%	3.2%	5.9%	6.0%	6.5%	5.7%	5.9%
<b>PERSONAL INCOME - 2000 \$</b>											
Idaho (Millions)	28,429	29,788	31,289	32,376	32,666	32,846	34,542	36,068	37,589	39,144	40,660
% Ch	6.6%	4.8%	5.0%	3.5%	0.9%	0.6%	5.2%	4.4%	4.2%	4.1%	3.9%
Idaho Nonfarm (Millions)	27,452	28,748	30,447	31,382	31,780	32,140	33,517	35,052	36,653	38,178	39,708
% Ch	6.1%	4.7%	5.9%	3.1%	1.3%	1.1%	4.3%	4.6%	4.6%	4.2%	4.0%
U.S. (Billions)	7,734	7,996	8,429	8,545	8,578	8,689	8,973	9,243	9,630	10,001	10,378
% Ch	6.4%	3.4%	5.4%	1.4%	0.4%	1.3%	3.3%	3.0%	4.2%	3.9%	3.8%
<b>HOUSING STARTS</b>											
Idaho	10,105	10,334	11,469	12,182	13,180	16,303	18,492	21,660	19,101	18,594	18,087
% Ch	14.0%	2.3%	11.0%	6.2%	8.2%	23.7%	13.4%	17.1%	-11.8%	-2.7%	-2.7%
U.S. (Millions)	1.621	1.647	1.573	1.601	1.710	1.854	1.950	2.053	1.912	1.857	1.824
% Ch	9.9%	1.6%	-4.5%	1.8%	6.8%	8.4%	5.2%	5.3%	-6.9%	-2.9%	-1.8%
<b>TOTAL NONFARM EMPLOYMENT</b>											
Idaho	520,477	538,102	558,581	568,027	568,019	572,513	587,997	609,424	620,621	633,087	646,691
% Ch	2.6%	3.4%	3.8%	1.7%	0.0%	0.8%	2.7%	3.6%	1.8%	2.0%	2.1%
U.S. (Thousands)	125,924	128,992	131,792	131,833	130,345	129,999	131,475	133,627	135,675	137,508	139,261
% Ch	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.6%	1.5%	1.4%	1.3%
<b>SELECTED INTEREST RATES</b>											
Federal Funds	5.4%	5.0%	6.2%	3.9%	1.7%	1.1%	1.3%	3.1%	4.3%	4.6%	4.8%
Bank Prime	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	6.1%	7.3%	7.6%	7.8%
Existing Home Mortgage	7.1%	7.3%	8.0%	7.0%	6.5%	5.7%	5.7%	5.8%	6.4%	6.7%	7.0%
<b>INFLATION</b>											
GDP Price Deflator	1.1%	1.4%	2.2%	2.4%	1.7%	2.0%	2.6%	2.7%	2.2%	2.0%	2.1%
Personal Cons Deflator	0.9%	1.7%	2.5%	2.1%	1.4%	1.9%	2.6%	2.9%	2.2%	1.7%	2.0%
Consumer Price Index	1.5%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.5%	2.3%	1.5%	1.9%

**National Variables Forecast by GLOBAL INSIGHT  
Forecast Begins the THIRD Quarter of 2005**

**IDAHO ECONOMIC FORECAST  
EXECUTIVE SUMMARY  
OCTOBER 2005**

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GDP (BILLIONS)</b>												
Current \$	12,199	12,373	12,573	12,746	12,940	13,105	13,267	13,428	13,606	13,790	13,974	14,178
% Ch	7.0%	5.8%	6.6%	5.6%	6.2%	5.2%	5.0%	4.9%	5.4%	5.5%	5.5%	6.0%
2000 Chain-Weighted	10,999	11,089	11,188	11,265	11,370	11,476	11,562	11,643	11,729	11,830	11,933	12,049
% Ch	3.8%	3.3%	3.6%	2.8%	3.8%	3.8%	3.0%	2.8%	3.0%	3.5%	3.5%	3.9%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	39,271	39,914	40,340	41,163	41,758	42,452	43,175	43,819	44,455	45,041	45,643	46,256
% Ch	8.6%	6.7%	4.3%	8.4%	5.9%	6.8%	7.0%	6.1%	5.9%	5.4%	5.5%	5.5%
Idaho Nonfarm (Millions)	37,988	38,770	39,288	40,116	40,751	41,376	42,087	42,725	43,287	43,905	44,540	45,187
% Ch	4.6%	8.5%	5.5%	8.7%	6.5%	6.3%	7.1%	6.2%	5.4%	5.8%	5.9%	5.9%
U.S. (Billions)	10,073	10,229	10,336	10,541	10,715	10,887	11,056	11,202	11,348	11,501	11,662	11,833
% Ch	2.0%	6.3%	4.3%	8.2%	6.8%	6.6%	6.3%	5.4%	5.3%	5.5%	5.7%	6.0%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	35,722	36,022	36,043	36,486	36,850	37,389	37,864	38,255	38,634	38,969	39,315	39,658
% Ch	6.2%	3.4%	0.2%	5.0%	4.1%	6.0%	5.2%	4.2%	4.0%	3.5%	3.6%	3.5%
Idaho Nonfarm (Millions)	34,555	34,990	35,104	35,558	35,961	36,441	36,909	37,301	37,619	37,987	38,365	38,741
% Ch	2.3%	5.1%	1.3%	5.3%	4.6%	5.4%	5.2%	4.3%	3.5%	4.0%	4.0%	4.0%
U.S. (Billions)	9,163	9,231	9,235	9,343	9,455	9,589	9,696	9,780	9,862	9,951	10,045	10,145
% Ch	-0.3%	3.0%	0.1%	4.8%	4.9%	5.8%	4.5%	3.5%	3.4%	3.6%	3.9%	4.0%
<b>HOUSING STARTS</b>												
Idaho	23,284	22,551	20,818	19,986	19,637	19,186	18,850	18,730	18,708	18,680	18,560	18,427
% Ch	68.1%	-12.0%	-27.4%	-15.1%	-6.8%	-8.9%	-6.8%	-2.5%	-0.5%	-0.6%	-2.5%	-2.8%
U.S. (Millions)	2.083	2.038	2.033	2.059	2.003	1.921	1.866	1.858	1.861	1.859	1.854	1.855
% Ch	24.2%	-8.4%	-0.9%	5.2%	-10.3%	-15.4%	-11.0%	-1.7%	0.5%	-0.3%	-1.0%	0.2%
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	604,731	608,257	611,115	613,591	616,339	619,256	622,103	624,786	628,028	631,327	634,742	638,251
% Ch	6.8%	2.4%	1.9%	1.6%	1.8%	1.9%	1.9%	1.7%	2.1%	2.1%	2.2%	2.2%
U.S. (Thousands)	132,814	133,429	133,903	134,362	134,936	135,483	135,913	136,368	136,803	137,278	137,728	138,222
% Ch	1.6%	1.9%	1.4%	1.4%	1.7%	1.6%	1.3%	1.3%	1.3%	1.4%	1.3%	1.4%
<b>SELECTED INTEREST RATES</b>												
Federal Funds	2.5%	2.9%	3.4%	3.5%	3.9%	4.4%	4.5%	4.5%	4.5%	4.5%	4.7%	4.8%
Bank Prime	5.4%	5.9%	6.4%	6.5%	6.9%	7.4%	7.5%	7.5%	7.5%	7.5%	7.7%	7.8%
Existing Home Mortgage	5.8%	5.8%	5.8%	5.9%	6.0%	6.3%	6.5%	6.6%	6.6%	6.7%	6.8%	6.8%
<b>INFLATION</b>												
GDP Price Deflator	3.1%	2.4%	2.8%	2.7%	2.4%	1.4%	1.9%	2.1%	2.4%	1.9%	1.9%	2.0%
Personal Cons Deflator	2.3%	3.2%	4.1%	3.2%	1.8%	0.8%	1.7%	1.8%	1.8%	1.8%	1.8%	1.9%
Consumer Price Index	2.4%	4.2%	5.7%	3.8%	1.6%	0.1%	1.4%	1.5%	1.6%	1.6%	1.6%	1.7%

**National Variables Forecast by GLOBAL INSIGHT  
Forecast Begins the THIRD Quarter of 2005**

## NATIONAL FORECAST DESCRIPTION

### **The Forecast Period is the Third Quarter of 2005 through the Fourth Quarter of 2008**

Like it did most of the news this fall, Hurricane Katrina dominates this *Forecast*. The national economic forecast herein was released in early September 2005, during the brief lull between Hurricanes Katrina and Rita. As a result, the forecast includes the estimated economic impacts of Hurricane Katrina, but does not include the impacts of Hurricane Rita. When evaluating the reasonableness of these estimates it is important to remember they were made soon after Hurricane Rita struck Louisiana and Mississippi. These impacts are being refined as new data become available. In general, it appears the negative impacts from the storm may have been overestimated. For example, immediately after the storm, it was estimated 8,000 to 10,000 lives were lost. Thankfully, it appears the total loss of lives was much lower.

National employment has also fared better after the storm than had been anticipated. Global Insight's economists assumed Hurricane Katrina's employment toll would be 270,000 jobs in September. Global Insight also assumed the Boeing machinist strike would reduce employment by an additional 18,000 jobs. However, part of this decline would be offset by the projected 170,000 jobs created elsewhere in the economy, so the net effect would be 120,000 jobs lost in September. The U.S. Department of Labor estimates the net job loss for the month was just 35,000. Part of this net job impact reflects the nation's strong employment situation. Specifically, the August gain was raised to 211,000 in September 2005. The Department of Labor also increased its July nonfarm employment estimate to 277,000. The labor market's strength this summer is also visible in the falling U.S. civilian unemployment rate that sank to a recovery low of 4.9%, its lowest level in four years. The unemployment rate rose marginally to 5.1% in September. The unemployment rate is expected to stay near this level for the remainder of this year, then, boosted by rebuilding efforts, gradually decline.

Hurricane Katrina has raised the short-term inflation rate outlook, which should come as no surprise to anyone who has purchased gasoline recently. The U.S. average price of unleaded gasoline leaped well over \$3 per gallon soon after Hurricane Katrina made landfall. The average gasoline price has receded since then, but still remains well above its year-ago price of \$2 per gallon. Natural gas may climb to 50% above last winter's price. High-energy prices translate into a nearly 25% jump in the energy commodity component of the consumer price index in 2005. Eventually, energy prices should retreat, but the decline will be gradual and a return to 2004 levels is not expected. The nation's central bank policymakers believe inflation is a greater risk to the economy than Hurricane Katrina's aftermath. As a result, the Federal Reserve continued its policy of raising its federal funds rate in 25-basis point increments to 3.75% on September 20, 2005. Katrina will have a bigger impact on fiscal policy than on monetary policy. Before the hurricane, the federal deficit was expected to shrink in fiscal year 2006 (October 1, 2005 to September 30, 2006). However, disaster relief will increase federal outlays, which is expected to boost the federal deficit to \$343 billion in fiscal year 2006.

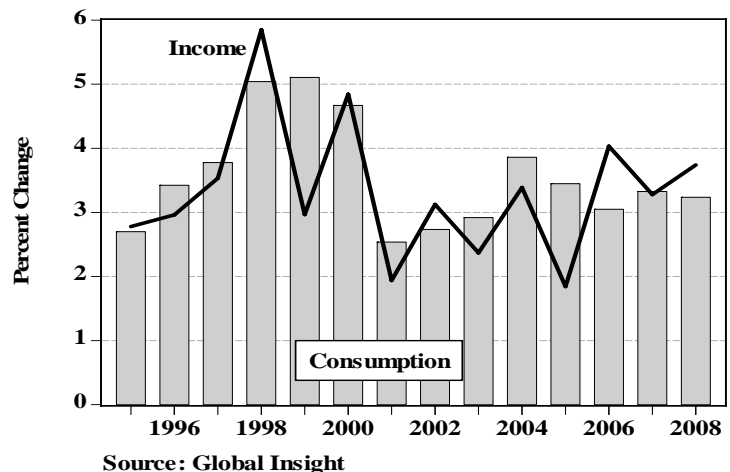
Hurricane Katrina has slowed the economy, but it has not sent it reeling. At the aggregate level, the storm has shaved expected real output growth below previous estimates through the year's end. The storm's impact could have been worse, but the economy was growing at a strong clip, and this momentum should keep it from slipping into a recession. Down the road, the economy will actually benefit from efforts to rebuild the damage from one of the nation's worst natural disasters.

## SELECTED NATIONAL ECONOMIC INDICATORS

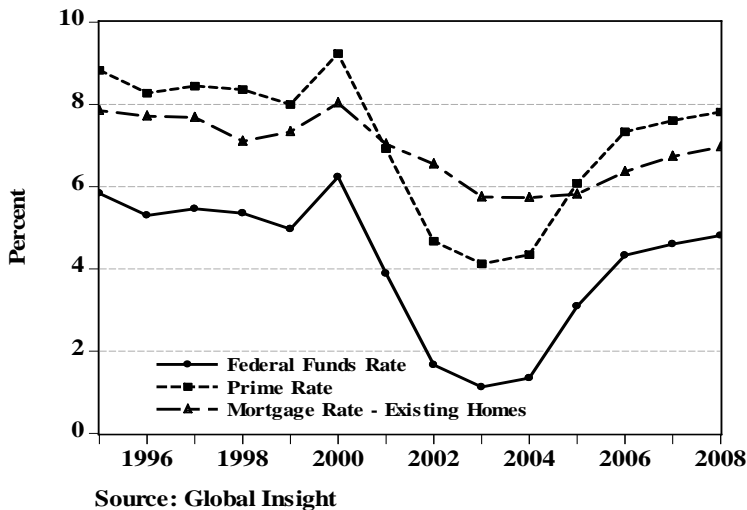
**Consumer Spending:** It is tempting to blame Hurricane Katrina for the real consumer spending slowdown in this year's last quarter, but the storm is not the origin of the expected lull. In fact, economists were forecasting the consumer retrenchment long before Katrina appeared on the radar. For example, as recently as August 2005, Global Insight predicted annualized real consumer spending growth would slip below 2% in this year's fourth quarter after advancing at whopping 4% in the previous quarter. The reason for this spending seesaw reflects carmakers' success at luring customers back into automobile showrooms. Thanks to "employee discount pricing" programs by major manufacturers to work off excess

inventories, estimated annual light vehicle sales hit nearly 18 million units in the third quarter of 2005, which boosted annualized spending on motor vehicles and parts 28.8% in that quarter. Annual light vehicle sales are expected to swing by about two million units to 15.9 million units in the fourth quarter of 2005, as manufacturers end their latest sales programs. More correctly, Hurricane Katrina is not the origin of the consumer spending slowdown, but it does accentuate it. The storm's impact can be seen by comparing the August 2005 and September 2005 forecasts. Again, real consumer spending was previously expected to grow at about a 4% annual pace in the third quarter of 2005 and by less than 2% in the following quarter in the August 2005 forecast. In the September 2005 forecast, real consumer spending advances just under 4% in the third quarter of this year and by less than 1% in the fourth quarter. Interestingly, this slowdown is short lived, and by the second quarter of 2006, real consumer spending actually grows faster than had been forecast in August 2005. Thus, Hurricane Katrina's impact on overall consumer spending should be relatively slight. The storm's biggest impact will be on energy prices. Although the energy price shock from Katrina should be temporary, it is layered upon a three-year escalation in petroleum and natural gas prices and a tight supply situation. The recent surge in gasoline prices cost U.S. households an average of \$60 per month, or 0.9% of disposable income. The likely responses to this increase include less spending on discretionary products, fewer shopping trips, and the choice of clustered and super stores over stand-alone outlets to save fuel. Gasoline prices are expected to retreat to \$2.50 per gallon by year's end, but this will not mark the end to consumers' energy price woes. Natural gas prices are expected to remain elevated through the winter, which should push home heating bills up 30% above last winter. The average household energy bill (including gasoline, fuel oil, natural gas, and electricity) will reach an annual rate of \$4,900 in the fourth quarter of 2005, which is 22% above its year-ago level. Looked at another way, the share of disposable income spent on energy will climb to 6%—its highest level in two decades. Energy prices are expected to retreat over the next three years, so energy costs will take a smaller bite out of household budgets. While the impacts of Hurricane Katrina shape short-term spending, longer term spending will be dominated by income. Having exhausted their savings and run up their credit cards, American consumers will be forced to live within their means. In other words, spending growth should be limited by income growth. Over the forecast period real consumer spending is forecast to rise 3.4% this year, 3.0% next year, 3.3% in 2007, and 3.2% in 2008. Real disposable income is anticipated to increase 1.8% in 2005, 4.0% in 2006, 3.3% in 2007, and 3.7% in 2008.

### U.S. Real Consumption and Disposable Income Growth



### Selected U.S. Interest Rates

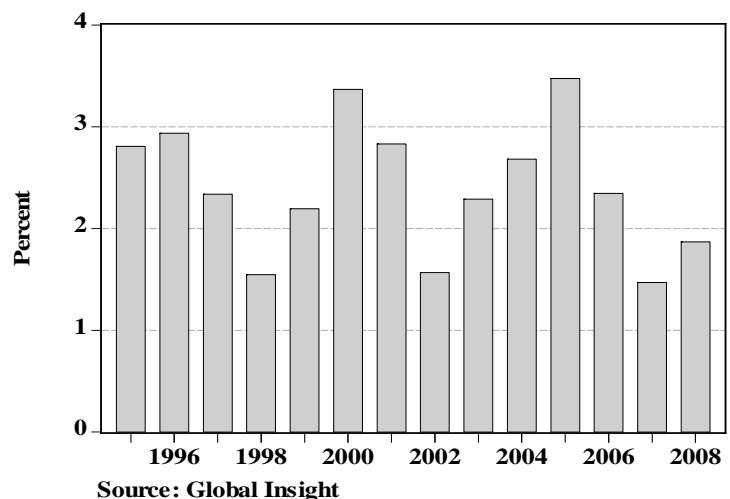


**Financial Markets:** Federal Reserve policymakers and Global Insight economists both agree on the general prognosis for the economy after Hurricane Katrina, but their policy prescriptions for the economy's health differ. Both groups believe the economy will return to prosperity after taking a short hit from the storm. To quote the Federal Open Market Committee (FOMC), "While these unfortunate developments have increased the uncertainty about near-term economic performance, it is the Committee's view that they do not pose a more persistent threat." This explains the committee's most recent action. On September 20, 2005 the FOMC raised its federal funds

rate target by 25 basis points from 3.5% to 3.75%. This move came as a surprise to some economists. Global Insight believed the central bank would postpone any rate hikes until it could evaluate the damage from Katrina. To reflect this policy, Global Insight assumed the FOMC would not raise the federal funds rate during its September 20, 2005 and November 1, 2005 meetings, and this has been built in to the current forecast. Obviously, the FOMC is comfortable with continuing its policy of measured increases. This action reflects the FOMC's belief that Hurricane Katrina's impact on the economy will be modest, but the committee has concerns about inflation. These fears are founded in the recent jump in energy prices and tight labor market that could start to put upward pressure on wages. In addition, rebuilding efforts could increase the demand for construction materials, further boosting prices for items that are already in tight supply. If the FOMC sticks to this policy, the federal funds rate will hit 4.5% sooner than has been anticipated in this forecast. The federal funds rate is expected to rise gradually to 5% by the end of 2008. The outlooks for several key interest rates are included in the accompanying chart.

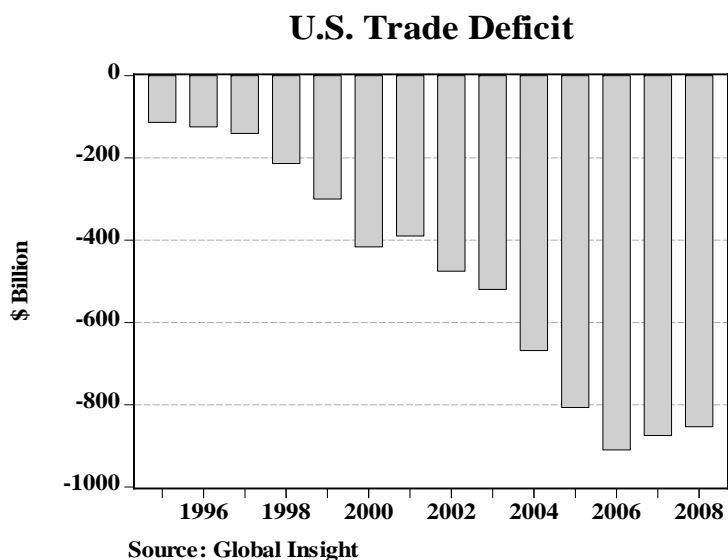
**Inflation:** Hurricane Katrina has had a two-fold impact on the inflation forecast. It has both raised the short-term inflation rate forecast and widened the uncertainty of the inflation outlook. These impacts are based on changes that have already taken place. Examples are not hard to find. Natural gas prices were \$5.30/mmBTU last year, but are now above \$12.00/mmBTU. One year ago crude oil prices were \$30 per barrel, which is much lower than its current \$65 to \$70 per barrel range. U.S. gasoline prices are up about 50% since last year, from \$2 per gallon to around \$3 per gallon. The increased uncertainty stems not only from the magnitude of these price increases, but also how quickly prices have risen. For example, the price of oil jumped by \$4 to \$70 per barrel in one day as Hurricane Rita brewed in the Gulf of Mexico. The U.S. average price of unleaded gasoline leapt to well over \$3 per gallon soon after Hurricane Katrina made landfall. The spot price of natural gas jumped 30% in just two

### Consumer Price Inflation





days—and to more than 135% above its year-earlier level. This forecast assumes energy prices will soon peak. There are two facets of the energy price forecast worth highlighting. The energy price retreat will be gradual and energy prices are not expected to return to their year-ago levels. This is because even after the impacts of Hurricane Katrina recede, other factors will keep prices higher than in the past. These factors include continuing problems in the Middle East, heavy energy purchases by China, and limited domestic refining capacity. Higher energy prices translate into a nearly 25% jump in the energy commodity component of the consumer price index in 2005. After this year, the energy commodity index is projected to increase 1.7% in 2006, 7.9% in 2007, and 3.9% in 2008. Overall consumer inflation will be much milder. As measured the by the U.S. consumer price index, prices should jump 3.5% in 2005, increase 2.3% in 2006, grow 1.5% in 2007 and rise 1.9% in 2008. The core inflation rate (all items less energy and food) is forecast to rise 2.2% this year and 2.4% in each of the remaining years of the forecast.



**International:** The outlook for global economic growth is generally positive, but it is vulnerable to risks from higher oil prices and the still-imbalanced nature of the expansion. American domestic demand and China's robust production growth remain the key engines of the global expansion. These twin drivers should help the world economy advance 3.2% annually over the forecast period. It should be pointed out, however, that this road to prosperity contains hazards. High oil prices remain an obstacle to the expansion. Until Katrina, rising energy prices had largely reflected the demand emanating from the robust U.S. and Chinese economies. The after effects of Hurricane Katrina serve as a reminder of

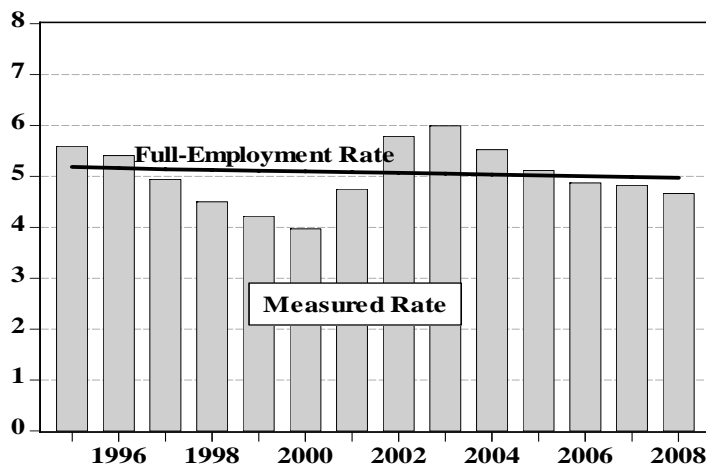
how vulnerable the world's economy is to a severe supply shock. For example, fears of supply disruptions caused by this fall's hurricanes sent the price of oil to around \$70 per barrel. Even after hurricanes Katrina and Rita have passed, the price of oil remains well above \$60 per barrel. It has been predicted that some developed economies, such as Japan, Germany, and Italy, could slip into recession if the price of oil swells to \$80 per barrel. This risk occurs because these countries' economies are not on as solid ground as the U.S. and Chinese economies. For example, economic growth in the Eurozone remains weak. Second quarter growth came in at 1.2%, and third-quarter indicators have been promising. However, the sustainability of the European expansion is a concern. Europe's recent growth is a double-edge sword. While growth is a positive, it also reduces the odds the European Central Bank will soon lower interest rates. Another concern is sluggish consumer spending in Europe. In the U.S., higher energy prices, higher energy volumes, and higher raw material costs will raise the nation's import bill. As a result, trade deficit swells to \$788.4 billion in 2006. The trade deficit eventually shrinks. But this retreat is slow, so that the trade deficit is about \$670 billion by 2008. The stubborn trade deficit will continue to put downward pressure on the dollar. Specifically, the greenback's value versus the currencies of the nation's major trading partners should slide 2.9% in 2005, 4.9% in 2006, 5.3% in 2007, and 0.5% in 2008.

**Employment:** The U.S. employment situation remains encouraging. Recent data show U.S. nonfarm employment grew strongly this summer and Hurricane Katrina's impact on nonfarm employment was much lower than had been anticipated. Although the storm made landfall in late August, its employment impact was not measured in that month. The official employment count is for the week

on which the 12<sup>th</sup> day of the month falls. Hurricane Katrina hit in late August after that month's employment had already been tabulated. The employment impacts were included in the September 2005 numbers instead. The September report showed the impact was less severe than had been feared. This forecast assumed Hurricane Katrina's employment toll would be 270,000 jobs in September. About 18,000 Boeing machinists went on strike on September 2, 2005. Based on the length of previous strikes, it is assumed this strike will last 60 days. Combined, it was calculated the Boeing machinist strike and Katrina would cause roughly 290,000 jobs to disappear in September. Of course,

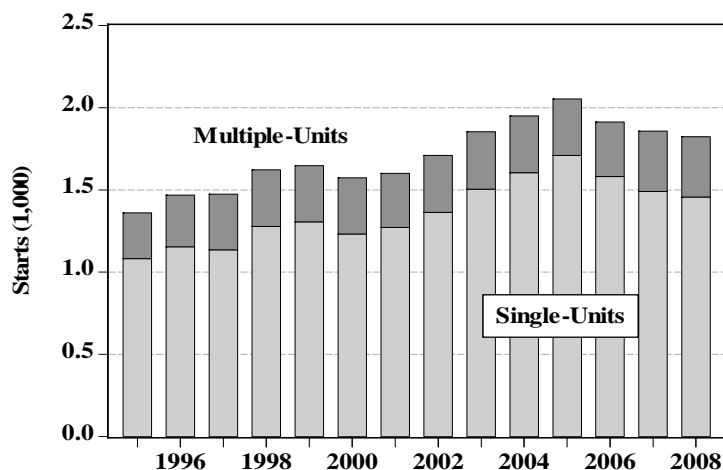
some of this decline would be offset by job gains in other parts of the economy. It was assumed 170,000 other jobs would be created, so the net effect would be 120,000 jobs lost in September. The U.S. Department of Labor estimates the net job loss for the month was much smaller than had been assumed; it was around 35,000. Part of this net job impact reflects the nation's strong employment situation. For example, the U.S. Department of Labor initially reported U.S. nonfarm employment advanced by 169,000 jobs in August. While this was below the year-to-date monthly average of 194,000, it was still a respectable showing. However, the August gain has been revised to 211,000. The Department of Labor also increased its July nonfarm employment estimate to 277,000. The labor market's strength this summer is also visible in the falling U.S. civilian unemployment rate that sank to a recovery low of 4.9%, its lowest level in four years. The improvements stopped in September when the unemployment rate rose to 5.1%. The unemployment rate is expected to stay near this level for the remainder of this year, then, boosted by rebuilding efforts, gradually decline. Ironically, the low unemployment rate is a symptom of one of the challenges of rebuilding the areas impacted by Hurricane Katrina. The red-hot housing market has virtually sopped up all of the nation's construction talent. As a result, the region may find itself trying to tap into a labor market that is already drained.

## U.S. Civilian Unemployment Rate



Source: Global Insight

## U.S. Housing Starts



Source: Global Insight

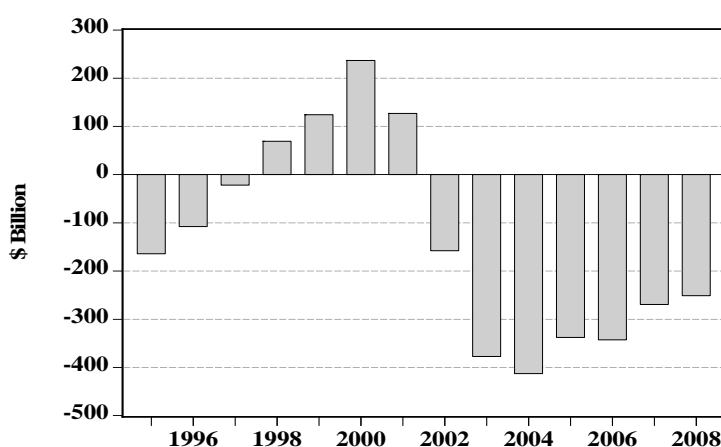
**Housing:** Hurricane Katrina will influence the U.S. housing market over the next three to four years. The primary impact of the hurricane will be to slow the reversion of housing starts toward demographic norms, which will buffer any drag from the housing sector on national output. While it is still too early to determine with any certainty the storm's damage, this forecast assumes 150,000 housing units were destroyed. In addition, an even larger number of homes were damaged and will require substantial repairs. Replacements and adjustments will take time and come in waves. The first wave will be a fleet of

mobile homes for displaced persons and some easy repairs to homes with minor damage. The second wave will be repairs to more damaged homes outside New Orleans. In New Orleans, damages will take

longer to assess and repair, since all aspects of construction have been disrupted. Inspectors need to evaluate damage and grant permits, materials must be marshaled, and construction workers are needed. The major push to rebuild will not take place until after the flood waters are drained. National housing starts are forecasted at 2.05 million units in 2005, 1.91 million units in 2006, 1.86 million units in 2007, and 1.82 million units in 2008. These totals are, respectively, 19,000, 56,000, 71,000, and 54,000 above Global Insight's August 2005 forecast.

**Government:** The projected high costs of hurricane relief and reconstruction are modifying the timetables for a couple of federal government policy issues. First, the aggressive deficit-reduction path articulated by the administration faces a detour in 2006 due to the large, expected jump in federal transfer payments to individuals, federal grants-in-aid to the states, and disbursements under the National Flood Insurance Program. Second, tax reform proposals, which have been spearheaded by the President's Advisory Commission on Tax Reform, will likely be put on the back burner until late 2005 or early 2006. The current forecast assumes the federal government's response to hurricane relief increases federal outlays by \$100 billion spread over several years. This total includes \$70 billion in spending by FEMA (which includes \$10 billion for flood insurance) and \$30 billion to pay for public infrastructure. The increased federal outlays boost the federal deficit to \$338 billion in fiscal year 2005 and to \$343 billion in fiscal year 2006. Interestingly, the stronger economic growth in the next few years lowers the federal budget deficit to about \$208 billion in fiscal year 2010, which is actually lower than in the August 2005 forecast.

**U.S. Federal Government Surplus  
Unified Basis**



Source: Global Insight

## **IDAHO FORECAST DESCRIPTION**

### **The Forecast Period is the Third Quarter of 2005 through the Fourth Quarter of 2008**

The Gem State's economy once again outperformed the Division of Financial Management's (DFM) prognostications. There is a pattern emerging. One, DFM forecasts the outlook for the state's economy. Two, actual job and personal income growth is stronger than had been anticipated. Three, based on the new actual data, DFM raises its economic forecast. Four, a new round of actual data shows job and income growths are even higher than in the revised outlook. Five, return to step one. For example, the forecasted Idaho nonfarm employment growth rate for 2005 was raised to 2.5% in July 2005 from 1.9% in April 2005. However, recent data supplied by the Idaho Department of Commerce and Labor show July's forecast was too low. As a result, the nonfarm employment growth rate for this year has been raised to 3.6% in the current forecast. At this pace, Idaho should have an average of about 609,000 jobs in 2005, or roughly 7,000 more jobs than had been forecast in July 2005.

The pattern described above traditionally occurs when one attempts to predict the speed of a fast-growing economy. A look at nonfarm employment and income show Idaho's economy has been growing fast indeed. Nonfarm employment advanced at a remarkable 6.8% annual rate during this year's first quarter—its best showing since 1994's second quarter. This year's strong start was followed by a 2.4% nonfarm employment gain in the second quarter of 2005. These gains are being fueled by the construction sector. Idaho construction employment soared to 45,500 in the second quarter of 2005. In July 2005 it was predicted annualized Idaho housing starts would peak at just under 23,000 units in this year's first quarter then decline to 21,200 units in the following quarter. More recent data suggest Idaho housing starts' first quarter peak was higher than predicted in July 2005 and its second quarter decline was not as steep as had been forecasted. Specifically, there were 23,300 annual housing units started in the first quarter and 22,600 units in the second quarter.

Idaho nominal personal income also improved in the first quarter of 2005, but this change is harder to detect because of a recent data revision. Specifically, a casual comparison shows Idaho personal income in the first and second quarter is actually lower in this forecast than in the July 2005 forecast. This is because the U.S. Bureau of Economic Analysis (BEA) revised its historical Idaho personal income estimates downwards back to 2002. Thus, the base has changed. In order to get an idea whether Idaho personal income was stronger than had been previously forecast, one needs to focus on the growth rates and not the levels of personal income. According to BEA's revised series, Idaho nominal personal income rose at an 8.6% annual rate in the first quarter of 2005 and by 6.7% in the second quarter. Under BEA's previous methodology, Idaho nominal personal income grew at a 4.3% annual pace in the first quarter of 2005 and DFM predicted it rose 2.8% in the following quarter. On an inflation-adjusted basis, the revised BEA data show Idaho personal income rose 6.2% and 3.4% in the first and second quarters of 2005, respectively.

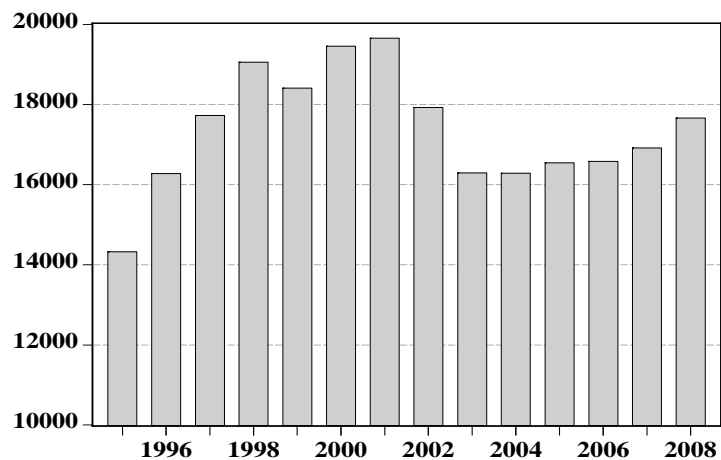
Idaho's stronger-than-expected nonfarm and personal income performances in the first half of this year has once again raised the forecast's bar. Idaho nonfarm employment is projected to increase 3.6% in 2005, 1.8% in 2006, 2.0% in 2007, and 2.1% in 2008. Under these conditions, Idaho nonfarm employment will rise to about 646,700 jobs in 2008, which is about 9,000 jobs above the previous forecast. Idaho nominal personal income should grow an average of 6.5% over the forecast period, a noticeable improvement over July 2005's 5.9% average annual growth rate. Idaho real personal income is forecast to increase an average of 4.2% per year.

## SELECTED IDAHO ECONOMIC INDICATORS

**Computer and Electronics:** Idaho's large computer and electronics manufacturing sector now finds itself in relatively safe waters after navigating tumultuous seas for a couple of years. To appreciate the significance of this sector's current stability, one must divide this sector's journey into three legs. The first period is the expansion. Computer and electronics was one of the state's fastest employment growing sectors from the late 1980s to the late 1990s. During this period several factors combined to create near perfect conditions for rapid growth. These factors included the growing sophistication of personal

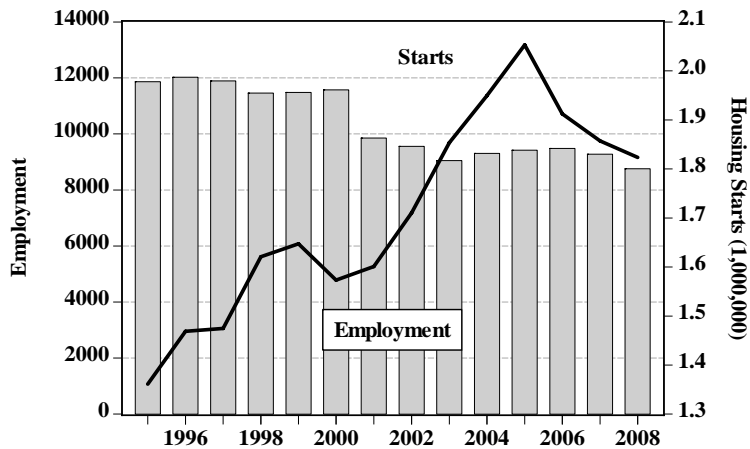
computer hardware and software that was a boon to local memory manufacturer Micron Technology. In addition, Micron's computer manufacturing subsidiary grew along with the popularity of personal computers. Hewlett-Packard's Boise plant prospered thanks to its phenomenally successful laser printer line. Zilog and AMI designed and produced application specific integrated circuits for a wide variety of products. Thanks to the success of these and other Idaho-based high-technology companies, Idaho computer and electronics employment advanced an average of 6.3% per year from 1991 to 2001. Near the beginning of the expansion, this computer and electronics sector overtook the logging and wood products sector to become the state's largest durable manufacturing employer. It next topped the food processing sector to become the state's largest manufacturing employer in 1997. Indeed, at least for awhile, this sector's growth seemed unstoppable. The computer and electronics manufacturing sector sailed into a squall in the first part of this decade. The casualty list from this turn of events included most of Idaho's biggest players. Jabil Circuit, a relatively new arrival on the Gem State's high-tech scene, halted a planned expansion and eventually closed its doors after customers' orders evaporated. In 2001, MicronPC.com, SCP Global Technologies, Micron MCMS, AMI, and Hewlett-Packard reduced their staffs. At first, this sector had enough momentum to weather the slowdown, though its employment growth slowed from 5.7% in 2000 to 1.0% in 2001. Unfortunately, the next year was not as prosperous. The Gem State's computer and electronics sector suffered another round of layoffs in 2002, this time employment did not just slow; it plunged 8.8%. One notable exception to the early rounds of layoffs was Micron Technology. However, the state's largest employer eventually succumbed to the high-tech downturn and reduced its Idaho workforce by about 1,000 in early 2003. The good news is the high-tech storm appears to be over, and the state's computer and electronics sector is entering a period of relative calm. This third leg of the voyage began in late 2003, as employment began to stabilize. Since then, Micron's payroll is back to its pre-layoff level. Businesses are again investing in equipment, and this should translate into high-tech jobs in the Gem State. However, employment is not anticipated to expand as rapidly as it had during the first leg of its journey. Specifically, Idaho computer and electronics manufacturing employment should advance 1.6% this year, 0.2% next year, 2.0% in 2007, and 4.4% in 2008. This forecast does carry a couple of downside risks. Hewlett-Packard recently announced it plans to reduce its company workforce by about 15,000 over the next 18 months. However, the company has not released details of the impacts this move will have on the Boise site. Because of this lack of data, no impacts from the company's latest

**Idaho Computer and Electronic Products Employment**



round of restructuring have been built into this forecast. Another challenge this sector faces is the potential glut of supply in the global semiconductor market.

### Idaho Wood Product Employment and U.S. Housing Starts



**Logging and Wood Products:** It appears that the state's logging and wood products sector has longer legs than had been previously forecast. It was reported in the July 2005 *Idaho Economic Forecast* that logging and wood products employment would decline from about 9,300 in 2004 to 8,600 in 2008. It is now believed Idaho logging and woods product employment will be relatively stable this year and next, then fall gradually to about 8,800 in 2008. There are two main reasons for this revision. First, actual Idaho lumber and wood products employment has been stronger than had been forecast. The most recent

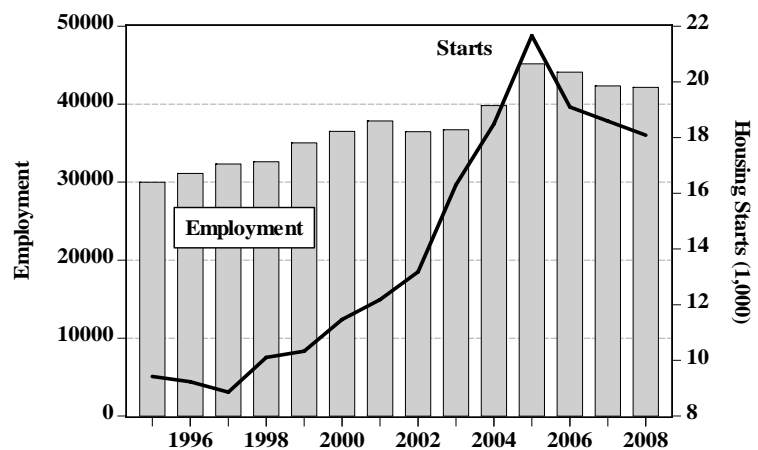
data from the Idaho Department of Commerce and Labor show logging and wood products employment advanced at a 9.9% annual rate in the first quarter of 2005 and declined just 0.5% in the second quarter of 2005. As a result, mid-year employment was just under 9,500, which is higher than the previous forecast of 9,200. Second, Idaho logging and wood products employment forecast was raised to reflect the anticipated stronger demand for building materials. Evidence for this can be found in the forecasted higher output for wood products. Specifically, the index for wood products production (1997= 100.0) is projected to be 102.2 in 2005, 106.9 in 2006, 104.8 in 2007, and 98.0 in 2008. In comparison, this same measure was anticipated to be 102.0 in 2005, 98.8 in 2006, 95.2 in 2007, and 94.8 in 2008 in the July 2005 forecast. This sector is also being helped by the weaker U.S. dollar, which is making U.S. wood products more competitive compared to Canadian products. Although the demand for logging and wood products has improved, Idaho employment gains will be limited by local capacity constraints and ongoing efficiency measures. Idaho manufacturing capacity is limited because several mills have been closed in recent years and the surviving mills have been forced to produce more products with less labor in order to remain viable. It has been estimated each Idaho logging and wood products employee produced about 215,000 board feet of lumber in 2003, which is well above the 172,000 board feet of lumber per worker produced in 1993. Idaho logging and wood products employment is expected to be 9,420 in 2005, 9,481 in 2006, 9,277 in 2007, and 8,758 in 2008. Idaho's logging and wood products sector should bask in relative stability over the next couple of years, but there are clouds of uncertainty on the horizon. The biggest concern is timber supply. The Gem State's logging and wood products sector has been traditionally dependent on timber from public lands, but this source has been shrinking over time. According to the U.S. Forest Service, just over half the timber harvested in Idaho came from public lands in 1993. By 2003, public timber accounted for less than 30% of the total harvest. A significant part of this decline is due to reduced harvests from national forests. The U.S. Forest Service estimates the harvest from Idaho national forests fell from 586.2 million board feet in 1993 to 123.2 million board feet in 2003, a decline of nearly 80%. Looked at another way, in 1993 timber from national forests accounted for more than a third of the total harvest, but just over 12% in 2003. Another concern is the current manufacturing over capacity. Strong markets in the 1990s led to heavy capital investment in this sector. As a result, it is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. This capacity is not currently a problem because of strong demand, but can lead to softer prices when demand ebbs.

**Mining:** Idaho's mining sector is enjoying a rare period of stability that should continue through next year. After shedding over 40% of its jobs from 1997 to 2002, Idaho's mining sector eked out a 16-job increase in 2003. Since 2003, this sector has continuously progressed. For example, in 2004 its employment advanced 8.2%, which was its strongest year-over-year gain since 1996. Mining employment is forecast to top 2,000 this year for the first time since 2000. And if the forecast holds, mining will have grown in four consecutive years. The last time this happened was in the mid-1990s. However, Idaho mining employment is not expected to approach its previous peak of nearly 3,000 jobs that occurred in 1997. This trend is consistent with this sector's recent history. A timeline of Idaho mining employment displays a downward trend in which any given peak in employment is smaller than the preceding peak. The current situation is no exception. For example, Idaho mining employment's previous apex was 3,000 in 1997, but its next peak in 2006 is projected to be about 900 jobs lower. While the mining industry has found fair haven, the ebb tide of declines will eventually reduce employment in the out years of the forecast. Specifically, Idaho mining employment is forecast to peak near 2,100 jobs in 2006, but drop to about 1,500 jobs in 2008.

**Construction:** Construction is both a trump card and wild card in the current *Idaho Economic Forecast*. First, the trump card. Much of Idaho's recent economic strength is tied to the state's strong housing industry. Quarterly data show Idaho housing starts jumped from around 16,500 annual housing starts in the first quarter of 2004 to a peak of nearly 23,300 units in the first quarter of 2005, a 41% increase. Housing starts have fallen to just under 22,600 units in the second quarter of this year, but this is still high compared to historical levels. The housing sector's recent strong performance was fueled by low mortgage

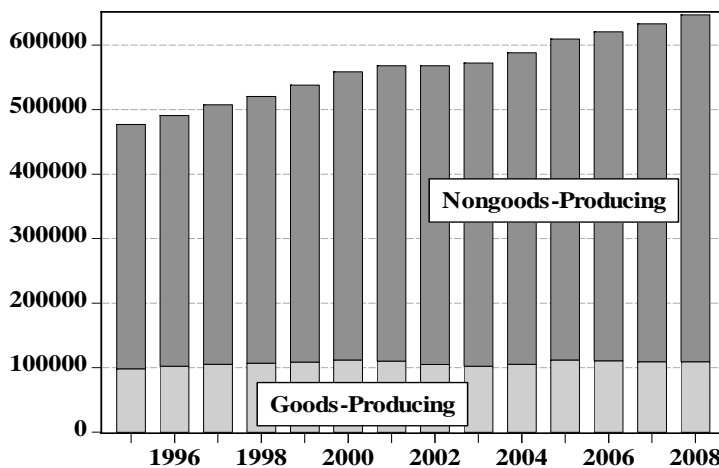
interest rates, strong personal income growth, and healthy population growth. It should be pointed out that actual housing starts are much stronger than had been predicted last summer. For example, in July 2005 it was reported annualized Idaho housing starts would peak at 20,775 units in the first quarter of this year. In the current forecast, housing starts peak at 23,284 units in the first quarter of 2005, an increase of about 500 units over the previous forecast. Likewise, Idaho construction employment has also grown much faster than had been anticipated. Specifically, in July 2005 it was predicted Idaho construction employment would rise at an 11.9% annual rate in the first quarter of 2005 and by 6.7% in the following quarter. Idaho construction employment actually advanced at a 29.1% annual rate in 2005's first quarter and 16.5% rate in the second quarter of 2005. As a result, Idaho construction employment stood at 45,500 at mid-year, which was substantially above the previous estimate of 42,900. There is no question the housing industry has been a major contributor to the state's current economic success. But there remains the question of its role in shaping the future. Mortgage interest rates and population growth have helped propel the state's recent housing boom. Mortgage interest rates have begun to rise from their record lows and are expected to continue rising over the forecast period. Idaho's population growth, which was nearly 2% in 2004, should taper down to 1.5% in 2008. These factors suggest Idaho housing starts and construction employment are near their respective peaks. The wild card is how fast and how steeply housing starts and construction jobs will decline.

**Idaho Construction Employment and Housing Starts**



There are several reasons why the state's housing boom will not turn into a bust. First, interest rates and population growth are expected to change gradually, giving the industry ample time to adjust. Second, although the Idaho housing sector has been robust, there does not appear to be a serious excess inventory of properties in the state. Third, recent studies to identify communities vulnerable to "housing bubbles" show no Idaho communities are at significant risk (most "bubbles" are concentrated on the coasts). Fourth, Idaho could benefit from a boom in second homes. In light of these factors, Idaho's housing sector is not expected to suffer an abrupt reversal of fortune. Instead, both Idaho housing starts and construction employment should decline gradually from their respective record levels over the forecast period. Specifically, Idaho housing starts should go from 21,700 units in this year to 18,100 units in 2008. Idaho construction employment is projected to decline from 45,200 to 42,200 over this same period.

### Idaho Nonfarm Employment



**Nongoods-Producing Industries:** The nongoods-producing sector's importance to Idaho's economy is measured in both its size and strength. For purposes of this section, the focus will be on the private, or nongovernmental, portion of nongoods-producing employment. Idaho government employment is covered in the following section. First, in 2004, the private portion of nongoods-producing employment accounted for over six of every ten nonfarm jobs. Second, Idaho nongoods-producing employment grew an average of 3.8% from 1991 to 2004, which was significantly faster than total nonfarm employment's 3.1% annual

average pace. Nongoods-producing employment is split into two major categories: services and trade. The services category is the larger of the two, accounting for about 70% of the jobs. Services have also been the fastest growing of the two categories from 1991 to 2004. Specifically, services employment advanced an average of 5.0% per year while trade employment grew 2.4% annually. The services category consists of information services; financial activities, transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality services; and other services. The strongest performing components have been professional and business services and education and health services. The former component added jobs at a 6.4% average annual pace from 1991 to 2004 and the latter component's employment grew an average of 5.6%. The leisure and hospitality sectors and the other services sector both grew over 3% per year from 1991 to 2004. Over this same period, information services and transportation and utilities both increased 2.7% per year. Financial services advanced an average of 2.2%. Trade is the other private nongoods-producing sector category and is made up of wholesale and retail trade employment. Retail trade employment expanded at a 2.8% annual pace from 1991 to 2004 and wholesale trade employment increased at a 1.8% annual rate. Over the forecast period, Idaho total private nongoods-producing employment is expected to average 3.4% growth per year. Services employment should expand at a 3.5% annual rate and trade employment should increase an average of 3.2% per year.

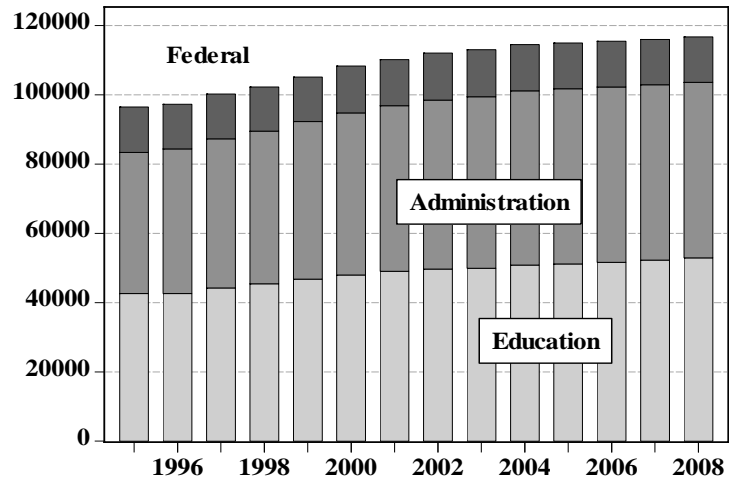
**Government:** The general outlook for government jobs remains little changed compared to the previous forecast. Namely, the forecast calls for slow job growth for Idaho state and local governments over the next few years thanks to the state's cooling population growth. During the forecast period,



education-related employment should advance faster than noneducation-related employment. The difference largely reflects the need for local school districts to house their burgeoning student bodies. For example, the influx of students into the fast growing Meridian Joint School District, which includes West Boise, finds many of its new schools above capacity when they first open their doors. In response, school district patrons passed a bond to fund further the district's building needs. Interestingly, Meridian's eastern neighbor, the Boise School District, has actually seen its enrollment decline. However, plans to consolidate Boise

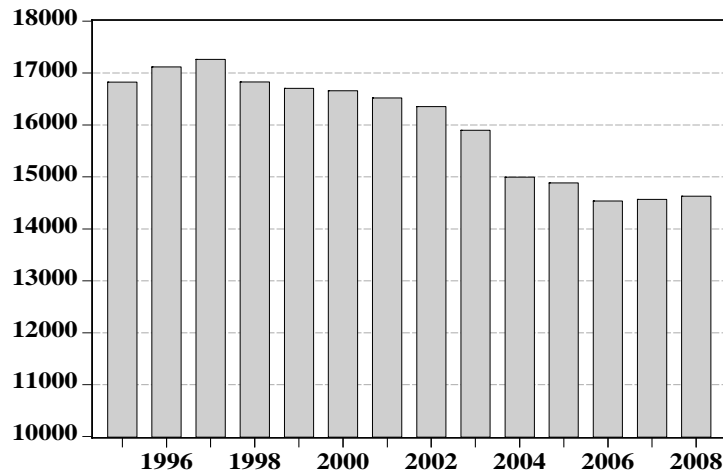
School District resources by closing some of its schools were shelved due to severe public resistance. The relationship between government employment and population is well established. Idaho's population grew about twice as fast as the nation's from 1990 to 2000, causing it to expand nearly 30% over the decade. Traditionally, Idaho's largest population gains are the result of migration. In fact, Idaho net migration was higher than the natural population (births less deaths) increase in every year from 1991 to 2000. The main reason the Gem State proved to be so attractive to newcomers is because in the 1990s it was viewed as an economic oasis in an economic desert. The Gem State proved especially enticing to Californians whose state was suffering its worst downturn since the Great Depression. Newcomers pouring into Idaho stretched the state's infrastructure. In an attempt to meet the fast growing population's demands for public services, Idaho's state and local employment payrolls expanded an average of 3.0% per year from 1991 to 2000. Migration slowed as other states prospered in the second half of the 1990s. By 2001, Idaho's natural population growth was actually above the migration increase. Idaho's population pace should taper off over the forecast period, dropping from 1.7% in 2005, to 1.6% in 2006, and to 1.5% in both 2007 and 2008. As a result, Idaho state and local government employment is projected to increase 0.6% in 2005, 0.5% in 2006, 0.6% in 2007, and 0.7% in 2008. Over this period, Idaho education-related employment should advance 1% annually and noneducation-related employment should rise 0.2%. Federal government employment should decline over the next few years. This decline reflects Congress' reaction to swelling federal budget deficits. The latest round of base realignments and closures that has been approved by President Bush will affect federal government employment in Idaho. It has been estimated 660 jobs will be lost, with Mountain Home Air Force Base taking the biggest hit. Unfortunately, the impact to the City of Mountain Home will be relatively high because Mountain Home Air Force Base is the city's largest employer.

## Idaho Government Employment



**Food Processing:** The state's food processing sector continues to evolve. Some of the changes in recent years have been painful, with several plants closing after decades of operation. For example, nearly 360 jobs were lost when unfavorable business conditions caused the J.R. Simplot Company to close its Nampa meat packing plant in the fall of 2003. In addition, the J.R. Simplot Company recently shuttered its Heyburn potato processing plant. The plant was built in 1960 and had run continuously since that time. More recently, the Swift and Company beef processing plant fell victim to the embargo of Canadian beef imports into the U.S. Concerns over mad cow disease restrict imports to animals under 30 months old. The Nampa plant processed older animals and was not able to get enough animals to keep operations viable. About four hundred jobs were lost when the company permanently closed the plant. Although some plants have closed, new plants are opening. For example, Gossner Foods, Inc.

### Idaho Food Processing Employment



doubled from 208,000 cows in 1994 to 404,000 cows in 2003. Over this same period, milk production more than doubled from 3.8 billion gallons to 8.8 billion gallons because of the increased output per cow. The amount of milk sold to plants also more than doubled during this time. Milk cash receipts grew from a little under one-half billion dollars in 1994 to over one billion dollars in 2003.

has opened a new cheese manufacturing plant in Heyburn on land formerly occupied by the J.R. Simplot plant. This fall Marathon Cheese announced it would build a \$27-million plant in Mountain Home. Company officials estimate the cheese-packing plant will initially employ 250 workers, but employment should climb to twice that many jobs in five years. This would make the plant one of Elmore County's largest employers. The new Gossner and Marathon cheese plants are symbolic of the state's growing dairy industry. According to the USDA, the size of Idaho's dairy herd has nearly

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## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the July 2005 to the October 2005 *Idaho Economic Forecast*. The July 2005 *Idaho Forecast* is based on Global Insight's June 2005 baseline forecast and the October 2005 *Idaho Forecast* is driven by Global Insight's September 2005 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the July 2005 *Idaho Economic Forecast*. A review of the accompanying table shows the magnitude of change varies among key indicators. Readers are cautioned that a cursory review of the statistics may lead to incorrect conclusions. For example, the table shows national nominal GDP is higher in each year of the forecast than had been projected in July 2005. This may lead one to believe the economy will perform more strongly over the forecast period. However, a closer look at the table reveals these gains are a result of higher inflation, and not underlying real growth. All measures of inflation included on the table are higher than they were in July 2005. In fact, the table shows that after adjusting for inflation, projected real GDP is actually lower in every year of the October 2005 forecast compared to the July 2005 forecast. Higher prices also exact a price on U.S. personal income. As is the case with output, any gains to nominal personal income are wiped out when income is adjusted for inflation. The nation's employment situation in 2007 and 2008 has improved marginally. Thanks to the improved outlook for the nongoods-producing sector, total U.S. nonfarm employment is 0.4% higher than previously forecast in 2007 and 0.6% higher in 2008. Projected U.S. goods-producing employment is down 0.2% from the previous forecast in 2007 and 2008.

Once again, Idaho's economic outlook has improved relative to the previous forecast. Idaho nonfarm employment displays a broad range increase. Specifically, Gem State nonfarm employment is about 7,000 jobs above the previous forecast in 2005 and this advantage climbs to about 9,000 jobs by 2008. Most of the gain over the forecast period will come from the nongoods-producing sector. This sector's advantage will rise from 3,400 jobs in 2005 to 5,300 jobs in 2008. The goods-producing sector has 3,500 more jobs in 2005 than had been previously forecast, but this edge grows to just 3,600 by the forecast's terminal year. It is impossible to make accurate comparisons for Idaho personal income levels because of data revisions that have occurred since the July 2005 *Forecast* was published. However, both Idaho nominal and real personal income are expected to grow faster than has been previously reported.

**IDAHO ECONOMIC FORECAST  
FORECASTS COMPARISON  
DIFFERENCES BETWEEN  
OCTOBER 2005 AND JULY 2005 FORECASTS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>GDP (BILLIONS)</b>									
Current \$	0	0	-17	-33	-1	26	109	146	150
% Difference	0.0%	0.0%	-0.2%	-0.3%	0.0%	0.2%	0.8%	1.1%	1.0%
2000 Chain-Weighted	0	0	-26	-61	-86	-91	-52	-37	-26
% Difference	0.0%	0.0%	-0.3%	-0.6%	-0.8%	-0.8%	-0.4%	-0.3%	-0.2%
<b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	0	0	-558	-749	-481	-150	216	461	491
% Difference	0.0%	0.0%	-1.6%	-2.1%	-1.3%	-0.4%	0.5%	1.0%	1.0%
U.S. (Billions)	0	0	3	7	24	-25	52	95	96
% Difference	0.0%	0.0%	0.0%	0.1%	0.2%	-0.2%	0.5%	0.8%	0.8%
<b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	0	0	-538	-713	-580	-491	-311	-62	-4
% Difference	0.0%	0.0%	-1.6%	-2.1%	-1.7%	-1.3%	-0.8%	-0.2%	0.0%
U.S. (Billions)	0	0	3	6	-13	-113	-82	-36	-26
% Difference	0.0%	0.0%	0.0%	0.1%	-0.1%	-1.2%	-0.8%	-0.4%	-0.3%
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	4	13	20	19	9	6,984	7,758	8,347	8,971
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	1.3%	1.3%	1.4%
U.S. (Thousands)	0	0	0	0	0	-74	16	521	897
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.4%	0.6%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	1	1	4	3	2	3,545	4,406	3,729	3,628
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	4.1%	3.5%	3.4%
U.S. (Thousands)	0	0	0	0	0	6	8	-42	-39
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%
<b>NONGOODS PRODUCING SECTOR</b>									
Idaho	3	12	16	15	7	3,439	3,352	4,618	5,343
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%	0.9%	1.0%
U.S. (Thousands)	0	0	0	0	0	-80	9	564	936
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.5%	0.8%
<b>FINANCIAL MARKETS</b>									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.3%	0.4%	0.3%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.3%	0.4%	0.3%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	0.1%	0.0%
<b>INFLATION</b>									
GDP Price Deflator	0.000	0.000	0.095	0.306	0.804	1.144	1.460	1.593	1.469
Personal Cons Deflator	0.000	0.000	-0.006	0.010	0.421	1.082	1.503	1.359	1.219
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.012	0.019	0.012	0.008

Forecast Begins the **THIRD** Quarter of 2005

## ALTERNATIVE FORECASTS

Global Insight has assigned a 60% probability of occurrence to its September 2005 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 3.5% in 2005, 3.4% in 2006, 3.2% in 2007, and 3.4% in 2008;
- U.S. nonfarm employment grows 1.6% in 2005, 1.5% in 2006, 1.4% in 2007, and 1.3% in 2008;
- the annual U.S. civilian unemployment rate hovers near 5.0% in each year of the forecast;
- consumer inflation is 3.5% in 2005, 2.3% in 2006, 1.5% in 2007, and 1.9% in 2008; and
- the federal unified budget deficit is \$343 billion in 2005, then it recedes to \$251 billion in 2008.

## OPTIMISTIC SCENARIO

The *Optimistic Scenario* represents the upside to the baseline forecast. It has been assigned a 20% probability of occurrence. This scenario has been nicknamed “Everything goes Right” because six key assumptions outperform their baseline counterparts, causing the economy to grow stronger than in the baseline. First, total factor productivity is stronger. It is an economic panacea. It makes economic headaches such as inflation, budget deficits, and sluggish growth disappear. Second, foreign economic growth is stronger, which raises U.S. exports and strengthens domestic manufacturing. Third, business investment, especially for equipment and software, is higher. Fourth, the federal government budget deficit is lower because the stronger economy simultaneously boosts tax revenues and lowers federal transfer payments. Lower interest rates also push down government interest payments. Fifth, housing starts are stronger in this alternative forecast. The stronger starts result from better job growth, lower interest rates, higher consumer confidence, and lower long-term mortgage rates. Sixth, oil prices are assumed to be about \$5/barrel lower than in the *Baseline Scenario*.

These assumptions produce a rosier outlook, with real output growing 0.9 percentage point faster than in the baseline during 2006 and 0.8 percentage point faster in 2007. Although economic growth and labor markets are stronger, inflation is lower because of the stronger dollar and the higher productivity gains. The lower inflation rate allows the Federal Reserve to keep the federal funds rate below the baseline value. Job growth is also stronger in this scenario. Nonfarm employment is 1 million higher than in the baseline at the end of 2006 and 1.7 million higher at the end of 2007. This strong job growth keeps the U.S. unemployment rate below its baseline counterpart over the forecast period.

The Idaho optimistic and baseline forecasts diverge noticeably in 2007 and 2008. Ironically, the assumed strong productivity gains that allow U.S. output to grow faster than in the baseline without causing inflation dampen Idaho’s employment prospects. Specifically, Idaho nonfarm employment averages about 1.9% growth during 2007 and 2008, which is a hair under the projected 2.0% rate in the baseline. As a result, there are 2,700 fewer jobs in 2008 in the *Optimistic Scenario* compared to the *Baseline Scenario*. Idaho’s goods-producing sector is hit the hardest. This sector’s employment declines steeply, shedding 3,700 jobs from 2005 to 2008. In comparison, about 1,400 Idaho goods-producing jobs are lost in the baseline case over the same period. Idaho nominal personal income also grows more slowly than its baseline counterpart, averaging 5.5% annual growth from 2006 to 2008. Idaho nominal personal income averages 6.2% growth in the *Baseline Scenario*. The gap between the optimistic and baseline Idaho real personal income is narrower because inflation is lower in the *Optimistic Scenario*.

**IDAHO ECONOMIC FORECAST**  
**BASELINE AND ALTERNATIVE FORECASTS**  
**OCTOBER 2005**

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
<b>GDP (BILLIONS)</b>												
Current \$	12,473	13,185	13,887	14,664	12,479	13,282	14,053	14,857	12,463	13,107	13,726	14,578
% Ch	6.3%	5.7%	5.3%	5.6%	6.3%	6.4%	5.8%	5.7%	6.2%	5.2%	4.7%	6.2%
2000 Chain-Weighted	11,135	11,513	11,885	12,293	11,140	11,617	12,090	12,565	11,124	11,374	11,529	11,837
% Ch	3.5%	3.4%	3.2%	3.4%	3.6%	4.3%	4.1%	3.9%	3.4%	2.2%	1.4%	2.7%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	40,172	42,801	45,349	48,056	40,157	42,496	44,758	47,166	40,195	43,244	46,546	49,974
% Ch	7.4%	6.5%	6.0%	6.0%	7.4%	5.8%	5.3%	5.4%	7.5%	7.6%	7.6%	7.4%
U.S. (Billions)	10,295	10,965	11,586	12,266	10,296	11,008	11,675	12,372	10,291	10,949	11,561	12,281
% Ch	6.0%	6.5%	5.7%	5.9%	6.0%	6.9%	6.1%	6.0%	6.0%	6.4%	5.6%	6.2%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	36,068	37,589	39,144	40,660	36,067	37,505	38,978	40,410	36,028	37,240	38,806	40,270
% Ch	4.4%	4.2%	4.1%	3.9%	4.4%	4.0%	3.9%	3.7%	4.3%	3.4%	4.2%	3.8%
U.S. (Billions)	9,243	9,630	10,001	10,378	9,247	9,715	10,167	10,600	9,225	9,430	9,639	9,896
% Ch	3.0%	4.2%	3.9%	3.8%	3.1%	5.1%	4.7%	4.3%	2.8%	2.2%	2.2%	2.7%
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	609,424	620,621	633,087	646,691	609,440	620,308	631,578	643,980	609,508	618,941	628,272	640,924
% Ch	3.6%	1.8%	2.0%	2.1%	3.6%	1.8%	1.8%	2.0%	3.7%	1.5%	1.5%	2.0%
U.S. (Thousands)	133,627	135,675	137,508	139,261	133,637	136,368	138,958	141,121	133,588	134,916	135,174	135,959
% Ch	1.6%	1.5%	1.4%	1.3%	1.6%	2.0%	1.9%	1.6%	1.6%	1.0%	0.2%	0.6%
<b>GOODS-PRODUCING SECTOR</b>												
Idaho	112,091	110,879	109,359	109,434	112,122	110,839	108,342	107,141	112,288	111,094	107,980	108,618
% Ch	6.3%	-1.1%	-1.4%	0.1%	6.3%	-1.1%	-2.3%	-1.1%	6.5%	-1.1%	-2.8%	0.6%
U.S. (Thousands)	22,142	22,203	22,169	22,186	22,147	22,373	22,603	22,768	22,159	22,244	21,606	21,063
% Ch	1.2%	0.3%	-0.2%	0.1%	1.2%	1.0%	1.0%	0.7%	1.3%	0.4%	-2.9%	-2.5%
<b>NONGOODS-PRODUCING SECTOR</b>												
Idaho	497,332	509,742	523,728	537,258	497,319	509,470	523,236	536,839	497,221	507,847	520,292	532,306
% Ch	3.1%	2.5%	2.7%	2.6%	3.1%	2.4%	2.7%	2.6%	3.0%	2.1%	2.5%	2.3%
U.S. (Thousands)	111,485	113,471	115,339	117,075	111,491	113,995	116,355	118,353	111,429	112,672	113,568	114,895
% Ch	1.7%	1.8%	1.6%	1.5%	1.7%	2.2%	2.1%	1.7%	1.7%	1.1%	0.8%	1.2%
<b>SELECTED INTEREST RATES</b>												
Federal Funds	3.1%	4.3%	4.6%	4.8%	3.1%	4.0%	4.1%	4.3%	3.2%	5.5%	6.9%	7.4%
Bank Prime	6.1%	7.3%	7.6%	7.8%	6.1%	7.0%	7.1%	7.3%	6.2%	8.5%	9.9%	10.4%
Existing Home Mortgage	5.8%	6.4%	6.7%	7.0%	5.8%	6.1%	6.2%	6.4%	5.9%	8.8%	9.4%	7.7%
<b>INFLATION</b>												
GDP Price Deflator	2.7%	2.2%	2.0%	2.1%	2.7%	2.1%	1.7%	1.7%	2.7%	2.8%	3.3%	3.4%
Personal Cons Deflator	2.9%	2.2%	1.7%	2.0%	2.7%	2.1%	1.7%	1.7%	3.1%	4.1%	3.3%	3.5%
Consumer Price Index	3.5%	2.3%	1.5%	1.9%	3.4%	1.8%	1.1%	1.5%	3.7%	4.0%	2.6%	3.0%

Forecast Begins the **THIRD** Quarter of 2005

## PESSIMISTIC SCENARIO

The downside risks to the baseline scenario are explored in the *Pessimistic Scenario*. Also known as the *Stagflation Scenario*, this alternative forecast has been assigned 20% probability of occurrence. A significant feature of the *Pessimistic Scenario* is that after a relatively long dormant period, inflation once again rears its ugly head. The pickup of inflation reflects higher oil prices, a weaker dollar, two-and-one half years of accommodative monetary policy, and loose fiscal policy. A key assumption in this *Scenario* is there is less spare capacity in both the global and U.S. economies than had been previously believed. Ironically, some of this limited capacity is the result of recent economic achievements. Namely, rapid technological advances and higher oil prices may have rendered current idle capacity obsolete. It is also assumed the swelling U.S. trade deficit will scare off the foreign investors that have shored up the economy, causing the U.S. dollar to rapidly weaken. The lower dollar raises the relative prices for imported goods and services, which raises their prices. But price increases may not be limited to imports. American businesses, which have been forced to keep prices in check to compete with imports, may take this opportunity to also increase prices. In addition, the anticipated flight from greenback-valued investments will put upward pressure on domestic interest rates, which could lower the United State's long-term economic growth trajectory.

Between the higher interest rates and stubbornly high energy prices, consumer confidence wavers. As a result, consumers rein in discretionary spending and the U.S. economy slows. The economy does not suffer a recession in this alternative, but it fails to live up to the expectations set in the baseline. Specifically, real GDP growth is 1.2 percentage points lower than in the baseline in 2006 and it is 1.9 percentage points lower in 2007. Production shifts from satisfying domestic demand to serving foreign demand, thanks to the weaker dollar. As a result of higher interest rates and higher prices for foreign goods, the U.S. household saving rate rises to 2.3% in 2008. This is more than twice the 1.1% saving rate forecast in the *Baseline Scenario*.

After receiving a mild boost in 2005, Idaho nonfarm employment and real personal income grow slower in the remaining years of the forecast compared to their baseline counterparts. As the accompanying table shows, Idaho nonfarm employment increases by 3.7% in 2005 in the *Pessimistic Scenario*. After 2005, however, Idaho's job growth slows to 1.5% in both 2006 and 2007 and to 2.0% in 2008. As a result, there are 640,900 jobs in the Gem State in 2008, or about 5,800 lower than in the *Baseline Forecast*. Unlike the *Optimistic Case*, both the goods-producing and nongoods-producing sectors experience sub-par growth. The higher inflation causes Idaho nominal personal income to grow faster than in the baseline case. Indeed, Idaho real personal income actually grows slower in this scenario than in the baseline.



# Housing Markets and Demographics

John Krainer<sup>1</sup>

Fifteen years ago, like today, there were concerns that house prices might collapse. One big difference between then and now, however, is the basis for those concerns. Today, people are worried that a house price bubble (if one exists) might burst, while 15 years ago, people were worried about demographic effects, specifically, the inevitable aging of the baby boomers.

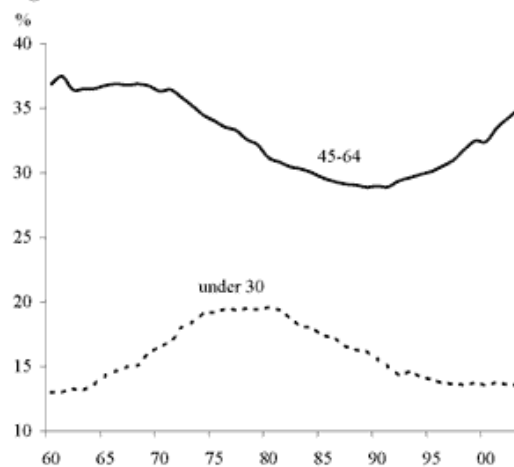
The earlier concern was sparked by a paper by Mankiw and Weil (1989), in which the authors famously predicted that between 1987 and 2007, real house prices could fall by 3% per year. In fact, real house prices grew by an average of 3-1/2% per year from 1987 to 2004. Of course, the Mankiw-Weil prediction may yet come to pass; or it may have already occurred and simply been masked by the surge in demand over the last seven years that is due to other factors. But the relationship between demographics and house prices remains interesting both because housing constitutes such a large component of the typical household's wealth, and because much remains to be understood about the consequences of the baby boomers liquidating their housing and financial assets. In this *Economic Letter*, I revisit the economics of the housing market and demographics.

## A simple model of the housing market

Prices and quantities in housing markets are determined by the interaction of the construction sector (the supply side) with households (the demand side). Key variables governing the supply of new housing include prices, the costs of construction materials and land, the cost of financing, and the amount of undepreciated housing stock. Similarly, key variables governing the quantity of housing include prices, the level of mortgage rates, expectations of permanent income or wealth, rates of return on other investments, and demographic factors that influence the decision to buy a house.

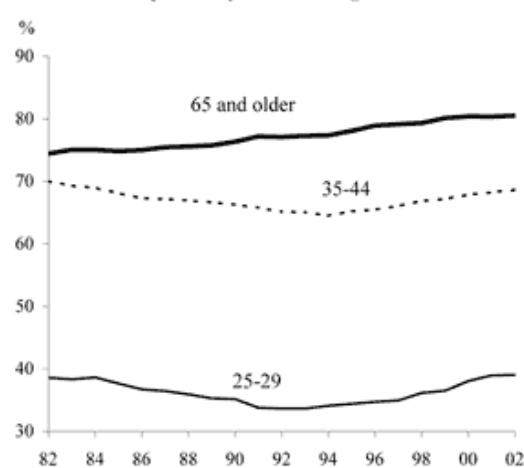
One demographic factor that is particularly significant is the age distribution. A baby boom, or a temporary increase in the birth rate, shifts the age distribution (Figure 1). This is important because, as Figure 2 shows, homeownership rates vary considerably by age, increasing from an average of less than 40% for households in their twenties to almost 70% by the time they reach ages 35-44. Evidently, the initial decision to buy a house

Figure 1  
Age distribution of U.S. households



Source: U.S. Census.

Figure 2  
Homeownership rates by household age



Source: U.S. Census.

<sup>1</sup> This article originally appeared in the Number 2005-21; August 26, 2005 FRBSF Economic Letter. Opinions expressed in this article are those of the authors and do not necessarily reflect the views of the management of the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.

is closely related to life-cycle events, such as having a family. Importantly, homeownership rates for households 65 and older are even higher; apparently, they are reluctant to leave homeownership, even as their household size shrinks and the need for space declines.

The effects of the postwar baby boom on the age distribution of the U.S. population suggest that the share of younger households will rise over time. If ownership rates follow historical patterns, this larger share of young households will lead to a decline in the demand for housing and downward pressure on prices. To assess the timing and magnitude of this downward pressure, it is useful to consider two extreme cases. In the first case, households and builders are forward-looking, and demand and supply are "price-elastic," meaning quantities are responsive to changes in prices. In this market, in anticipation of weaker demand for housing as boomers age and exit, prices would tend to decline, because young households would be unwilling to pay high prices now for houses that will be cheaper in the future. However, this does not imply that house prices would collapse. With lower prices, price-elastic households may decide the time is ripe to invest more in housing—either a bigger house or a second house. In addition, builders would observe the lower prices and reduce new construction. So, in this market, the effect of the exiting baby boomers on house prices would be gradual, and the overall magnitude of price changes would not be great.

At the other end of the spectrum is a housing market with myopic participants whose behavior is not responsive to price changes. Even though relatively large numbers of baby boomer houses are expected to be for sale in the future, myopic households would not "see" this and would not force prices down. Builders would keep building straight into the downturn in demand. Once boomers actually start to exit, there would be relatively more houses for sale, and households would require large discounts in order to increase their consumption. In this market, house prices would be much more volatile, and the overall magnitude of price changes would be great. The question, then, is: Which of these two extremes comes closer to describing the U.S. housing market today?

### **Demand-side factors and expectations**

As Figure 2 showed, despite significant variation in house prices and interest rates over time, homeownership rates by age of household are not very different now from any time in the last 25 years. This is consistent with other research suggesting that, compared with the demand for other consumer goods, housing demand is relatively price-inelastic. Such a finding is not surprising, because housing is special in a couple of ways. First, like food, it is a basic need, and all households consume it in some fashion. Second, housing comes in hard-to-break-up packages; therefore, while households may be expected to buy more house if prices decline, they are less likely to buy more houses.

So will demand for the houses of exiting baby boomers be weak? If the houses come onto the market suddenly, then prices are bound to fall. This is the essence of demand inelasticity. For example, rural areas and cities that have suffered population loss have not enjoyed the large increases in house prices that the rest of the nation has recently experienced but saw price declines instead.

But the aging of a baby boom need not imply population loss. In fact, the U.S. population is projected to grow over the next 50 years, though the average household age will decline. Therefore, apart from the issue of homeownership rates, there should be enough potential demand to meet the supply of baby boomer houses for sale, thus providing some support for prices.

There is also a question of how imminent a sale of baby boomer assets is. While homeownership rates stay high as households age, there is a debate on whether real housing expenditures decline with age. This was a prominent assumption in the Mankiw and Weil analysis that has not been fully resolved. On

the one hand, baby boomers have more financial assets and generally better health than their parents, which would tend to support housing consumption. On the other hand, changes in the tax code now make it easier to trade down, which reduces housing consumption. This debate, however, matters only for the timing of the baby boomer impact. At some point, death or illness will cause baby boomers' houses to come onto the market.

It would appear, then, that the most important question as far as demand is concerned is how "expected" the sale of baby boomer housing assets will be. Unfortunately, the empirical literature on house prices provides conflicting evidence on this question. House prices tend to appreciate over long periods of time, and then flatten out over long periods of time. Therefore, in general, one can form reliable expectations of future price appreciation by extrapolating from the recent past. At the same time, for extreme events, there is evidence that market prices adjust before the events actually take place; for example, real estate values tend to fall immediately upon the announcement of plans to close a local military base. Furthermore, Krainer and Wei (2004) show that the volatility of house prices, though perhaps excessive, is essentially pinned down by volatility in future prices and rents, as asset pricing theory would suggest.

### **How elastic is supply?**

The analysis in Mankiw and Weil assumed a very inelastic supply response—for every 1% increase in house price the construction sector would increase the stock of housing by 1%. Other researchers (e.g., Topel and Rosen 1988) estimate the supply response to be more elastic—for every 1% increase in house price, new construction increases by 1.5-3%.

During the 1990s, however, the link between house prices and new residential construction shifted dramatically. Even though house prices shot up at the end of the decade, the response from the construction sector was unusually subdued. At first blush, this suggests that supply has become less price elastic. But there is good reason to think the supply response reflects developments particular to that period. A well-established literature in urban economics on supply constraints, such as regulation and physical geography, shows how these constraints affect price dynamics. Glaeser, Gyourko, and Saks (2004) argue that these constraints have become more binding, particularly in markets that experienced productivity shocks over the past 20 years. While this may partly explain why prices have risen so quickly in certain regions without a matching supply response, it is unlikely to imply that developers would ignore falling prices and rising vacancies and keep on building. Additionally, the subdued supply response during the recent upswing in prices has apparently not led to overbuilding, implying less likelihood of excess supply once the baby boomers leave their houses.

### **Conclusion**

Even as discussion of the current run-up in house prices points to the extremely favorable demographic conditions for demand, little has been said (lately) about what will happen once these demand conditions ebb. The worst-case scenario for house price declines depends on three factors: an inelastic demand for housing, a fair degree of myopia when forming expectations, and an inelastic supply function. However, recent research in urban economics suggests that two of these factors—expectations formation and the supply response—are probably more flexible than once thought. Furthermore, a negative demand shock like the aging and exiting of baby boomers is only one of many factors to consider in anticipating the future of house prices. The productivity gains in the 1990s can be viewed as a positive demand shock. To the extent that younger generations now expect higher permanent income, this increase in expected wealth should help support house prices.

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# **IDAHO ECONOMIC FORECAST**

**OCTOBER 2005**

## **FORECAST DETAIL**

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### **Reporting Conventions**

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

### **Data Sources**

National forecast data is provided by Global Insight, as well as the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data is obtained from the Department of Commerce and Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Commerce and Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**DEMOGRAPHICS**

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>POPULATION</b>									
Idaho (Thousands)	1,041.2	1,072.1	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7
% Ch	2.8%	3.0%	3.4%	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%
National (Millions)	253.946	257.357	260.688	263.853	266.980	270.115	273.368	276.553	279.731
% Ch	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
<b>BIRTHS</b>									
Idaho (Thousands)	16.741	17.197	17.575	17.690	17.915	18.482	18.599	19.188	19.897
% Ch	1.9%	2.7%	2.2%	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%
National (Thousands)	4,110	4,038	3,997	3,964	3,935	3,911	3,892	3,880	3,874
% Ch	-1.2%	-1.8%	-1.0%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	-0.2%
<b>DEATHS</b>									
Idaho (Thousands)	7.644	7.887	8.277	8.478	8.553	8.679	8.953	9.105	9.488
% Ch	3.9%	3.2%	4.9%	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%
National (Thousands)	2,163	2,210	2,237	2,264	2,291	2,318	2,345	2,372	2,399
% Ch	0.0%	2.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
<b>NET MIGRATION</b>									
Idaho (Thousands)	19.017	21.659	27.168	27.115	22.652	16.417	15.583	13.836	12.975
<b>HOUSING</b>									
<b>HOUSING STARTS</b>									
Idaho	6,589	9,612	11,549	12,782	9,425	9,237	8,860	10,105	10,334
% Ch	12.5%	45.9%	20.2%	10.7%	-26.3%	-2.0%	-4.1%	14.0%	2.3%
National (Millions)	1.009	1.201	1.292	1.446	1.361	1.469	1.475	1.621	1.647
% Ch	-16.2%	19.1%	7.5%	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%
<b>SINGLE UNITS</b>									
Idaho	5,660	7,910	8,949	9,424	7,296	7,844	7,651	9,040	9,191
% Ch	18.1%	39.7%	13.1%	5.3%	-22.6%	7.5%	-2.4%	18.1%	1.7%
National (Millions)	0.835	1.032	1.131	1.191	1.082	1.154	1.136	1.278	1.306
% Ch	-7.3%	23.6%	9.6%	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%
<b>MULTIPLE UNITS</b>									
Idaho	929	1,702	2,600	3,359	2,129	1,394	1,209	1,065	1,143
% Ch	-12.6%	83.2%	52.7%	29.2%	-36.6%	-34.5%	-13.3%	-11.9%	7.3%
National (Millions)	0.174	0.170	0.161	0.255	0.279	0.314	0.338	0.344	0.341
% Ch	-42.6%	-2.4%	-5.1%	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%
<b>HOUSING STOCK</b>									
Idaho (Thousands)	339.7	347.3	357.0	368.8	377.9	386.3	393.8	402.4	411.4
% Ch	1.5%	2.2%	2.8%	3.3%	2.4%	2.2%	1.9%	2.2%	2.2%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**DEMOGRAPHICS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>POPULATION</b>									
Idaho (Thousands)	1,299.1	1,320.7	1,342.0	1,365.5	1,391.0	1,414.8	1,437.0	1,459.2	1,481.4
% Ch	1.8%	1.7%	1.6%	1.8%	1.9%	1.7%	1.6%	1.5%	1.5%
National (Millions)	282.795	285.721	288.599	291.388	294.098	296.793	299.478	302.146	304.787
% Ch	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>BIRTHS</b>									
Idaho (Thousands)	20.304	20.684	21.002	21.735	22.133	22.572	22.949	23.325	23.702
% Ch	2.0%	1.9%	1.5%	3.5%	1.8%	2.0%	1.7%	1.6%	1.6%
National (Thousands)	3,872	3,876	3,885	3,901	3,925	3,955	3,991	4,033	4,077
% Ch	-0.1%	0.1%	0.2%	0.4%	0.6%	0.8%	0.9%	1.0%	1.1%
<b>DEATHS</b>									
Idaho (Thousands)	9.538	9.811	9.935	10.308	10.614	10.791	10.958	11.126	11.293
% Ch	0.5%	2.9%	1.3%	3.8%	3.0%	1.7%	1.6%	1.5%	1.5%
National (Thousands)	2,424	2,446	2,467	2,487	2,507	2,528	2,548	2,569	2,590
% Ch	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
<b>NET MIGRATION</b>									
Idaho (Thousands)	12.658	10.645	10.247	12.077	14.000	12.071	10.200	9.991	9.782
<b>HOUSING</b>									
<b>HOUSING STARTS</b>									
Idaho	11,469	12,182	13,180	16,303	18,492	21,660	19,101	18,594	18,087
% Ch	11.0%	6.2%	8.2%	23.7%	13.4%	17.1%	-11.8%	-2.7%	-2.7%
National (Millions)	1.573	1.601	1.710	1.854	1.950	2.053	1.912	1.857	1.824
% Ch	-4.5%	1.8%	6.8%	8.4%	5.2%	5.3%	-6.9%	-2.9%	-1.8%
<b>SINGLE UNITS</b>									
Idaho	10,336	10,375	11,127	13,822	16,087	19,303	17,076	16,681	16,136
% Ch	12.5%	0.4%	7.2%	24.2%	16.4%	20.0%	-11.5%	-2.3%	-3.3%
National (Millions)	1.232	1.272	1.363	1.505	1.604	1.710	1.581	1.491	1.457
% Ch	-5.7%	3.2%	7.2%	10.4%	6.6%	6.6%	-7.5%	-5.7%	-2.3%
<b>MULTIPLE UNITS</b>									
Idaho	1,133	1,807	2,053	2,481	2,405	2,233	2,024	1,913	1,951
% Ch	-0.9%	59.4%	13.6%	20.9%	-3.1%	-7.2%	-9.3%	-5.5%	2.0%
National (Millions)	0.341	0.330	0.347	0.349	0.345	0.343	0.332	0.367	0.367
% Ch	0.1%	-3.5%	5.3%	0.5%	-0.9%	-0.6%	-3.4%	10.5%	0.0%
<b>HOUSING STOCK</b>									
Idaho (Thousands)	421.2	432.1	442.9	457.0	473.0	492.8	511.1	528.3	545.0
% Ch	2.4%	2.6%	2.5%	3.2%	3.5%	4.2%	3.7%	3.4%	3.2%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**OUTPUT, INCOME, & WAGES**

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>GROSS DOM. PRODUCT (Billions)</b>									
Current Dollars	5,996	6,338	6,657	7,072	7,398	7,817	8,304	8,747	9,268
% Ch	3.3%	5.7%	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%
2000 Chain-Weighted	7,101	7,337	7,533	7,835	8,032	8,329	8,704	9,067	9,470
% Ch	-0.2%	3.3%	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%
<b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	16,692	18,318	20,072	21,422	22,871	24,360	25,367	27,287	29,068
% Ch	4.9%	9.7%	9.6%	6.7%	6.8%	6.5%	4.1%	7.6%	6.5%
Idaho Nonfarm (Millions)	15,890	17,475	19,009	20,685	22,057	23,433	24,611	26,350	28,054
% Ch	6.3%	10.0%	8.8%	8.8%	6.6%	6.2%	5.0%	7.1%	6.5%
National (Billions)	5,051	5,362	5,559	5,843	6,152	6,521	6,915	7,423	7,802
% Ch	3.5%	6.2%	3.7%	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%
<b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	20,009	21,342	22,858	23,892	24,973	26,040	26,666	28,429	29,788
% Ch	1.2%	6.7%	7.1%	4.5%	4.5%	4.3%	2.4%	6.6%	4.8%
Idaho Nonfarm (Millions)	19,047	20,359	21,648	23,068	24,085	25,048	25,871	27,452	28,748
% Ch	2.6%	6.9%	6.3%	6.6%	4.4%	4.0%	3.3%	6.1%	4.7%
National (Billions)	6,055	6,247	6,330	6,516	6,718	6,970	7,269	7,734	7,996
% Ch	-0.1%	3.2%	1.3%	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%
<b>PER CAPITA PERS INC - CURR \$</b>									
Idaho	16,031	17,084	18,103	18,708	19,431	20,246	20,649	21,788	22,784
% Ch	2.0%	6.6%	6.0%	3.3%	3.9%	4.2%	2.0%	5.5%	4.6%
National	19,889	20,834	21,322	22,142	23,043	24,139	25,295	26,840	27,891
% Ch	2.2%	4.7%	2.3%	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%
<b>PER CAPITA PERS INC - 2000 \$</b>									
Idaho	19,217	19,905	20,617	20,866	21,218	21,642	21,707	22,700	23,349
% Ch	-1.6%	3.6%	3.6%	1.2%	1.7%	2.0%	0.3%	4.6%	2.9%
National	23,842	24,274	24,282	24,695	25,163	25,803	26,591	27,964	28,584
% Ch	-1.4%	1.8%	0.0%	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%
<b>AVERAGE ANNUAL WAGE</b>									
Idaho	20,748	21,613	22,051	22,728	23,594	24,147	24,803	25,822	26,992
% Ch	#DIV/0!	4.2%	2.0%	3.1%	3.8%	2.3%	2.7%	4.1%	4.5%
National	26,047	27,410	27,807	28,279	29,148	30,237	31,582	33,219	34,622
% Ch	3.6%	5.2%	1.4%	1.7%	3.1%	3.7%	4.5%	5.2%	4.2%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005



**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**OUTPUT, INCOME, & WAGES**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>GROSS DOM. PRODUCT (Billions)</b>									
Current Dollars	9,817	10,128	10,470	10,971	11,734	12,473	13,185	13,887	14,664
% Ch	5.9%	3.2%	3.4%	4.8%	7.0%	6.3%	5.7%	5.3%	5.6%
2000 Chain-Weighted	9,817	9,891	10,049	10,321	10,756	11,135	11,513	11,885	12,293
% Ch	3.7%	0.8%	1.6%	2.7%	4.2%	3.5%	3.4%	3.2%	3.4%
 <b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	31,290	33,054	33,823	34,660	37,394	40,172	42,801	45,349	48,056
% Ch	7.6%	5.6%	2.3%	2.5%	7.9%	7.4%	6.5%	6.0%	6.0%
Idaho Nonfarm (Millions)	30,448	32,039	32,906	33,915	36,286	39,041	41,735	44,230	46,930
% Ch	8.5%	5.2%	2.7%	3.1%	7.0%	7.6%	6.9%	6.0%	6.1%
National (Billions)	8,430	8,724	8,882	9,169	9,713	10,295	10,965	11,586	12,266
% Ch	8.0%	3.5%	1.8%	3.2%	5.9%	6.0%	6.5%	5.7%	5.9%
 <b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	31,289	32,376	32,666	32,846	34,542	36,068	37,589	39,144	40,660
% Ch	5.0%	3.5%	0.9%	0.6%	5.2%	4.4%	4.2%	4.1%	3.9%
Idaho Nonfarm (Millions)	30,447	31,382	31,780	32,140	33,517	35,052	36,653	38,178	39,708
% Ch	5.9%	3.1%	1.3%	1.1%	4.3%	4.6%	4.6%	4.2%	4.0%
National (Billions)	8,429	8,545	8,578	8,689	8,973	9,243	9,630	10,001	10,378
% Ch	5.4%	1.4%	0.4%	1.3%	3.3%	3.0%	4.2%	3.9%	3.8%
 <b>PER CAPITA PERS INC - CURR \$</b>									
Idaho	24,084	25,029	25,204	25,382	26,881	28,392	29,783	31,076	32,437
% Ch	5.7%	3.9%	0.7%	0.7%	5.9%	5.6%	4.9%	4.3%	4.4%
National	29,807	30,534	30,776	31,466	33,026	34,685	36,613	38,345	40,242
% Ch	6.9%	2.4%	0.8%	2.2%	5.0%	5.0%	5.6%	4.7%	4.9%
 <b>PER CAPITA PERS INC - 2000 \$</b>									
Idaho	24,084	24,515	24,342	24,054	24,832	25,493	26,157	26,825	27,446
% Ch	3.1%	1.8%	-0.7%	-1.2%	3.2%	2.7%	2.6%	2.6%	2.3%
National	29,807	29,908	29,724	29,819	30,508	31,143	32,155	33,099	34,049
% Ch	4.3%	0.3%	-0.6%	0.3%	2.3%	2.1%	3.3%	2.9%	2.9%
 <b>AVERAGE ANNUAL WAGE</b>									
Idaho	28,657	28,736	29,207	29,740	30,941	32,371	33,654	35,077	36,487
% Ch	6.2%	0.3%	1.6%	1.8%	4.0%	4.6%	4.0%	4.2%	4.0%
National	36,642	37,493	38,213	39,317	40,989	42,934	44,707	46,673	48,805
% Ch	5.8%	2.3%	1.9%	2.9%	4.3%	4.7%	4.1%	4.4%	4.6%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**PERSONAL INCOME--CURRENT \$\$**

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>WAGE AND SALARY PAYMENTS</b>									
Idaho (Millions)	8,525	9,295	9,979	10,896	11,701	12,284	13,078	13,936	15,024
% Ch	7.0%	9.0%	7.4%	9.2%	7.4%	5.0%	6.5%	6.6%	7.8%
National (Billions)	2,823	2,980	3,083	3,232	3,419	3,620	3,878	4,183	4,466
% Ch	2.5%	5.6%	3.4%	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%
<b>FARM PROPRIETORS INCOME</b>									
Idaho (Millions)	603	642	836	453	515	643	425	607	690
% Ch	-21.9%	6.5%	30.2%	-45.8%	13.6%	25.0%	-33.9%	42.8%	13.7%
National (Billions)	27	35	31	34	23	37	34	29	29
% Ch	-16.1%	29.0%	-9.5%	8.7%	-33.2%	64.5%	-8.3%	-14.1%	-2.6%
<b>NONFARM PROPRIETORS INCOME</b>									
Idaho (Millions)	1,458	1,769	2,087	2,312	2,229	2,324	2,313	2,480	2,765
% Ch	-4.4%	21.3%	18.0%	10.8%	-3.6%	4.2%	-0.5%	7.2%	11.5%
National (Billions)	350	393	423	439	469	506	542	598	650
% Ch	0.5%	12.2%	7.5%	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%
<b>DIVIDENDS, RENT &amp; INTEREST</b>									
Idaho (Millions)	3,210	3,340	3,568	3,957	4,350	4,718	5,068	5,545	5,546
% Ch	4.6%	4.1%	6.8%	10.9%	9.9%	8.5%	7.4%	9.4%	0.0%
National (Billions)	992	989	997	1,070	1,139	1,221	1,310	1,421	1,412
% Ch	1.8%	-0.3%	0.9%	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%
<b>OTHER LABOR INCOME</b>									
Idaho (Millions)	2,011	2,235	2,516	2,729	2,846	2,881	2,929	3,063	3,243
% Ch	10.0%	11.2%	12.6%	8.5%	4.3%	1.2%	1.7%	4.6%	5.9%
National (Billions)	407	442	472	493	494	492	498	530	562
% Ch	7.8%	8.7%	6.8%	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%
<b>GOVT. TRANSFERS TO INDIV.</b>									
Idaho (Millions)	2,194	2,460	2,645	2,789	3,023	3,319	3,408	3,557	3,776
% Ch	11.5%	12.1%	7.5%	5.5%	8.4%	9.8%	2.7%	4.4%	6.1%
National (Billions)	666	749	790	827	877	925	951	979	1,022
% Ch	12.0%	12.4%	5.4%	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%
<b>CONTRIB. FOR SOCIAL INSUR.</b>									
Idaho (Millions)	1,482	1,613	1,767	1,951	2,074	2,134	2,223	2,337	2,480
% Ch	9.2%	8.8%	9.5%	10.5%	6.3%	2.9%	4.2%	5.1%	6.1%
National (Billions)	215	228	240	254	264	275	290	307	323
% Ch	4.2%	6.2%	5.0%	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%
<b>RESIDENCE ADJUSTMENT</b>									
Idaho (Millions)	174	192	210	238	281	326	369	437	504
% Ch	14.6%	9.9%	9.5%	13.3%	18.3%	15.9%	13.2%	18.3%	15.4%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**PERSONAL INCOME--CURRENT \$\$**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>WAGE AND SALARY PAYMENTS</b>									
Idaho (Millions)	16,552	16,880	17,254	17,669	18,848	20,419	21,585	22,916	24,317
% Ch	10.2%	2.0%	2.2%	2.4%	6.7%	8.3%	5.7%	6.2%	6.1%
National (Billions)	4,829	4,943	4,981	5,111	5,389	5,737	6,066	6,418	6,797
% Ch	8.1%	2.4%	0.8%	2.6%	5.4%	6.5%	5.7%	5.8%	5.9%
<b>FARM PROPRIETORS INCOME</b>									
Idaho (Millions)	471	646	487	368	743	729	667	717	720
% Ch	-31.8%	37.1%	-24.6%	-24.4%	101.9%	-1.8%	-8.6%	7.5%	0.4%
National (Billions)	23	20	11	28	36	24	24	20	15
% Ch	-20.7%	-13.1%	-46.3%	162.4%	29.0%	-32.1%	-2.1%	-14.6%	-25.8%
<b>NONFARM PROPRIETORS INCOME</b>									
Idaho (Millions)	2,883	3,312	3,290	3,460	3,817	4,196	4,545	4,815	5,112
% Ch	4.3%	14.9%	-0.6%	5.2%	10.3%	9.9%	8.3%	5.9%	6.2%
National (Billions)	706	752	758	782	854	921	997	1,054	1,118
% Ch	8.6%	6.6%	0.7%	3.2%	9.1%	7.9%	8.2%	5.8%	6.1%
<b>DIVIDENDS, RENT &amp; INTEREST</b>									
Idaho (Millions)	5,909	6,195	6,051	5,952	6,101	6,169	6,819	7,408	8,044
% Ch	6.5%	4.8%	-2.3%	-1.6%	2.5%	1.1%	10.5%	8.6%	8.6%
National (Billions)	1,537	1,547	1,486	1,470	1,531	1,547	1,680	1,814	1,960
% Ch	8.9%	0.7%	-4.0%	-1.1%	4.1%	1.1%	8.6%	8.0%	8.1%
<b>OTHER LABOR INCOME</b>									
Idaho (Millions)	3,549	3,647	4,041	4,310	4,748	5,222	5,467	5,648	5,847
% Ch	9.4%	2.8%	10.8%	6.6%	10.2%	10.0%	4.7%	3.3%	3.5%
National (Billions)	610	643	745	830	896	972	1,014	1,043	1,077
% Ch	8.5%	5.4%	15.9%	11.4%	7.9%	8.5%	4.3%	2.9%	3.3%
<b>GOVT. TRANSFERS TO INDIV.</b>									
Idaho (Millions)	4,079	4,568	4,971	5,258	5,644	6,148	6,641	6,977	7,358
% Ch	8.0%	12.0%	8.8%	5.8%	7.3%	8.9%	8.0%	5.1%	5.5%
National (Billions)	1,084	1,194	1,286	1,344	1,428	1,538	1,658	1,739	1,832
% Ch	6.1%	10.1%	7.7%	4.5%	6.2%	7.7%	7.8%	4.9%	5.3%
<b>CONTRIB. FOR SOCIAL INSUR.</b>									
Idaho (Millions)	2,676	2,724	2,812	2,914	3,094	3,335	3,562	3,791	4,022
% Ch	7.9%	1.8%	3.3%	3.6%	6.2%	7.8%	6.8%	6.4%	6.1%
National (Billions)	344	357	365	380	403	428	454	481	510
% Ch	6.2%	3.8%	2.4%	4.0%	6.0%	6.2%	6.1%	6.0%	6.1%
<b>RESIDENCE ADJUSTMENT</b>									
Idaho (Millions)	525	531	542	559	589	624	640	658	679
% Ch	4.1%	1.1%	2.1%	3.2%	5.2%	6.1%	2.4%	2.9%	3.1%

National Variables Forecast by Global Insight  
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**IDAHO ECONOMIC FORECAST**  
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**EMPLOYMENT**

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	394,128	413,476	434,502	460,209	477,046	490,899	507,422	520,477	538,102
% Ch	N/C	4.9%	5.1%	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%
National (Thousands)	108,384	108,723	110,847	114,282	117,306	119,699	122,767	125,924	128,992
% Ch	-1.0%	0.3%	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	80,856	85,007	90,363	97,411	98,310	102,401	105,505	106,974	108,724
% Ch	N/C	5.1%	6.3%	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%
National (Thousands)	22,591	22,094	22,221	22,777	23,161	23,412	23,884	24,352	24,467
% Ch	-4.8%	-2.2%	0.6%	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%
<b>MANUFACTURING</b>									
Idaho	57,408	59,919	63,132	65,717	65,640	68,312	70,185	71,528	71,216
% Ch	N/C	4.4%	5.4%	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%
National (Thousands)	17,146	16,879	16,857	17,106	17,327	17,317	17,500	17,640	17,404
% Ch	-3.6%	-1.6%	-0.1%	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%
<b>DURABLE MANUFACTURING</b>									
Idaho	30,152	32,117	34,785	37,821	39,958	42,447	44,215	45,892	45,702
% Ch	N/C	6.5%	8.3%	8.7%	5.7%	6.2%	4.2%	3.8%	-0.4%
National (Thousands)	10,298	10,025	9,983	10,214	10,456	10,565	10,785	10,990	10,912
% Ch	-4.8%	-2.6%	-0.4%	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%
<b>LOGGING &amp; WOOD PRODUCTS</b>									
Idaho	9,759	10,459	10,795	11,773	11,864	12,023	11,897	11,464	11,482
% Ch	N/C	7.2%	3.2%	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.2%
National (Thousands)	577	580	605	643	656	663	677	689	701
% Ch	-7.7%	0.6%	4.3%	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%
<b>METAL FABRICATION</b>									
Idaho	2,460	2,436	2,577	2,958	3,410	3,582	3,793	3,826	3,942
% Ch	N/C	-1.0%	5.8%	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%
National (Thousands)	1,542	1,497	1,510	1,566	1,624	1,648	1,696	1,739	1,728
% Ch	-4.3%	-2.9%	0.8%	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%
<b>MACHINERY</b>									
Idaho	2,287	2,352	2,613	2,901	3,078	3,189	3,065	3,178	3,039
% Ch	N/C	2.8%	11.1%	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%
National (Thousands)	1,345	1,310	1,329	1,379	1,440	1,466	1,494	1,512	1,466
% Ch	-4.4%	-2.7%	1.5%	3.8%	4.4%	1.8%	1.9%	1.3%	-3.1%
<b>COMPUTER &amp; ELECTRONICS</b>									
Idaho	10,696	11,744	13,169	13,646	14,325	16,280	17,727	19,054	18,408
% Ch	N/C	9.8%	12.1%	3.6%	5.0%	13.6%	8.9%	7.5%	-3.4%
National (Thousands)	1,809	1,707	1,656	1,651	1,688	1,747	1,803	1,831	1,781
% Ch	-4.9%	-5.6%	-3.0%	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%
<b>OTHER DURABLES</b>									
Idaho	4,949	5,126	5,631	6,543	7,280	7,373	7,732	8,371	8,831
% Ch	N/C	3.6%	9.8%	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%
National (Thousands)	5,025	4,931	4,883	4,975	5,047	5,041	5,115	5,218	5,235
% Ch	-4.8%	-1.9%	-1.0%	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%

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**EMPLOYMENT**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	558,581	568,027	568,019	572,513	587,997	609,424	620,621	633,087	646,691
% Ch	3.8%	1.7%	0.0%	0.8%	2.7%	3.6%	1.8%	2.0%	2.1%
National (Thousands)	131,792	131,833	130,345	129,999	131,475	133,627	135,675	137,508	139,261
% Ch	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.6%	1.5%	1.4%	1.3%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	111,885	110,221	105,016	102,365	105,437	112,091	110,879	109,359	109,434
% Ch	2.9%	-1.5%	-4.7%	-2.5%	3.0%	6.3%	-1.1%	-1.4%	0.1%
National (Thousands)	24,653	23,873	22,555	21,812	21,881	22,142	22,203	22,169	22,186
% Ch	0.8%	-3.2%	-5.5%	-3.3%	0.3%	1.2%	0.3%	-0.2%	0.1%
<b>MANUFACTURING</b>									
Idaho	73,035	70,392	66,801	63,861	63,689	64,868	64,706	65,202	65,753
% Ch	2.6%	-3.6%	-5.1%	-4.4%	-0.3%	1.9%	-0.2%	0.8%	0.8%
National (Thousands)	17,345	16,515	15,328	14,577	14,396	14,350	14,207	14,106	14,049
% Ch	-0.3%	-4.8%	-7.2%	-4.9%	-1.2%	-0.3%	-1.0%	-0.7%	-0.4%
<b>DURABLE MANUFACTURING</b>									
Idaho	47,411	45,099	42,318	39,950	40,559	41,750	41,939	42,328	42,784
% Ch	3.7%	-4.9%	-6.2%	-5.6%	1.5%	2.9%	0.5%	0.9%	1.1%
National (Thousands)	10,956	10,408	9,553	9,031	8,990	9,011	8,979	8,936	8,894
% Ch	0.4%	-5.0%	-8.2%	-5.5%	-0.5%	0.2%	-0.4%	-0.5%	-0.5%
<b>LOGGING &amp; WOOD PRODUCTS</b>									
Idaho	11,571	9,852	9,557	9,051	9,307	9,420	9,481	9,277	8,758
% Ch	0.8%	-14.9%	-3.0%	-5.3%	2.8%	1.2%	0.6%	-2.1%	-5.6%
National (Thousands)	692	647	625	607	617	618	637	626	580
% Ch	-1.3%	-6.4%	-3.4%	-3.0%	1.6%	0.2%	3.1%	-1.7%	-7.3%
<b>METAL FABRICATION</b>									
Idaho	4,030	3,876	3,636	3,537	3,636	3,819	3,820	3,889	3,982
% Ch	2.2%	-3.8%	-6.2%	-2.7%	2.8%	5.0%	0.0%	1.8%	2.4%
National (Thousands)	1,753	1,677	1,549	1,479	1,497	1,522	1,543	1,592	1,639
% Ch	1.4%	-4.4%	-7.6%	-4.5%	1.3%	1.6%	1.4%	3.2%	3.0%
<b>MACHINERY</b>									
Idaho	3,305	3,055	2,831	2,632	2,569	2,623	2,645	2,720	2,738
% Ch	8.7%	-7.5%	-7.3%	-7.0%	-2.4%	2.1%	0.8%	2.8%	0.7%
National (Thousands)	1,455	1,368	1,229	1,150	1,142	1,157	1,172	1,186	1,173
% Ch	-0.8%	-6.0%	-10.1%	-6.5%	-0.7%	1.4%	1.2%	1.2%	-1.1%
<b>COMPUTER &amp; ELECTRONICS</b>									
Idaho	19,454	19,652	17,926	16,293	16,282	16,542	16,580	16,917	17,664
% Ch	5.7%	1.0%	-8.8%	-9.1%	-0.1%	1.6%	0.2%	2.0%	4.4%
National (Thousands)	1,820	1,749	1,507	1,355	1,326	1,332	1,281	1,205	1,176
% Ch	2.2%	-3.9%	-13.8%	-10.1%	-2.1%	0.4%	-3.8%	-5.9%	-2.4%
<b>OTHER DURABLES</b>									
Idaho	9,051	8,663	8,368	8,438	8,765	9,346	9,413	9,526	9,642
% Ch	2.5%	-4.3%	-3.4%	0.8%	3.9%	6.6%	0.7%	1.2%	1.2%
National (Thousands)	5,236	4,967	4,643	4,441	4,408	4,383	4,346	4,326	4,325
% Ch	0.0%	-5.1%	-6.5%	-4.3%	-0.7%	-0.6%	-0.8%	-0.5%	0.0%

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**EMPLOYMENT**

<b>MANUFACTURING (continued)</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<b>NONDURABLE MANUFACTURING</b>									
Idaho	27,256	27,802	28,346	27,897	25,682	25,865	25,970	25,636	25,514
% Ch	N/C	2.0%	2.0%	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%
National (Thousands)	6,848	6,854	6,874	6,892	6,871	6,752	6,715	6,650	6,493
% Ch	-1.6%	0.1%	0.3%	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%
<b>FOOD PROCESSING</b>									
Idaho	17,197	17,445	17,856	17,369	16,827	17,119	17,263	16,830	16,704
% Ch	N/C	1.4%	2.4%	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%
National (Thousands)	1,515	1,519	1,535	1,540	1,561	1,562	1,557	1,555	1,550
% Ch	0.5%	0.3%	1.1%	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%
<b>PRINTING</b>									
Idaho	2,226	2,211	2,231	2,241	2,308	2,365	2,326	2,307	2,234
% Ch	N/C	-0.7%	0.9%	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%
National (Thousands)	792	780	785	802	817	816	821	828	814
% Ch	-2.0%	-1.5%	0.6%	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%
<b>CHEMICALS</b>									
Idaho	4,172	4,259	4,210	4,099	2,354	2,330	2,273	2,361	2,314
% Ch	N/C	2.1%	-1.1%	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%
National (Thousands)	1,024	1,029	1,025	1,005	988	985	987	993	983
% Ch	-1.1%	0.5%	-0.4%	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%
<b>OTHER NONDURABLES</b>									
Idaho	3,661	3,887	4,049	4,187	4,193	4,051	4,108	4,138	4,262
% Ch	N/C	6.2%	4.2%	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%
National (Thousands)	3,517	3,526	3,529	3,545	3,505	3,390	3,350	3,274	3,145
% Ch	-2.5%	0.3%	0.1%	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%
<b>MINING</b>									
Idaho	3,098	2,581	2,164	2,367	2,683	2,977	2,996	2,817	2,485
% Ch	N/C	-16.7%	-16.1%	9.4%	13.3%	11.0%	0.7%	-6.0%	-11.8%
National (Thousands)	661	610	585	576	558	556	571	565	518
% Ch	-2.8%	-7.7%	-4.1%	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%
<b>CONSTRUCTION</b>									
Idaho	20,350	22,508	25,068	29,326	29,988	31,112	32,324	32,628	35,023
% Ch	N/C	10.6%	11.4%	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%
National (Thousands)	4,784	4,605	4,779	5,094	5,276	5,538	5,813	6,147	6,545
% Ch	-9.2%	-3.7%	3.8%	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%
<b>NONGOODS PRODUCING</b>									
Idaho	313,272	328,469	344,139	362,799	378,735	388,499	401,918	413,503	429,378
% Ch	N/C	4.9%	4.8%	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%
National (Thousands)	85,793	86,629	88,626	91,505	94,145	96,287	98,883	101,571	104,525
% Ch	0.0%	1.0%	2.3%	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%
<b>SERVICES</b>									
Idaho	155,410	163,210	173,523	185,543	196,052	202,106	210,034	217,464	227,557
% Ch	N/C	5.0%	6.3%	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%
National (Thousands)	49,164	49,904	51,520	53,498	55,382	57,094	59,170	61,256	63,350
% Ch	0.5%	1.5%	3.2%	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%
<b>INFORMATION</b>									
Idaho	6,990	7,083	7,195	7,413	7,602	7,699	7,587	8,376	9,274
% Ch	N/C	1.3%	1.6%	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%
National (Thousands)	2,678	2,642	2,667	2,739	2,844	2,940	3,084	3,219	3,418
% Ch	-0.4%	-1.3%	1.0%	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%
<b>FINANCIAL ACTIVITIES</b>									
Idaho	21,116	22,104	23,257	24,520	25,492	26,833	26,835	24,256	25,306
% Ch	N/C	4.7%	5.2%	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%
National (Thousands)	6,559	6,540	6,708	6,866	6,828	6,969	7,178	7,462	7,646
% Ch	-0.8%	-0.3%	2.6%	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%

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<b>MANUFACTURING (continued)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>NONDURABLE MANUFACTURING</b>									
Idaho	25,625	25,293	24,483	23,911	23,130	23,118	22,767	22,873	22,969
% Ch	0.4%	-1.3%	-3.2%	-2.3%	-3.3%	-0.1%	-1.5%	0.5%	0.4%
National (Thousands)	6,388	6,106	5,775	5,546	5,406	5,339	5,228	5,171	5,156
% Ch	-1.6%	-4.4%	-5.4%	-4.0%	-2.5%	-1.2%	-2.1%	-1.1%	-0.3%
<b>FOOD PROCESSING</b>									
Idaho	16,660	16,520	16,354	15,900	14,998	14,884	14,535	14,565	14,627
% Ch	-0.3%	-0.8%	-1.0%	-2.8%	-5.7%	-0.8%	-2.3%	0.2%	0.4%
National (Thousands)	1,553	1,550	1,525	1,517	1,498	1,494	1,481	1,485	1,505
% Ch	0.2%	-0.2%	-1.6%	-0.5%	-1.2%	-0.3%	-0.9%	0.3%	1.4%
<b>PRINTING</b>									
Idaho	2,339	2,225	2,033	2,030	1,922	1,902	1,884	1,870	1,858
% Ch	4.7%	-4.9%	-8.6%	-0.2%	-5.3%	-1.0%	-1.0%	-0.8%	-0.7%
National (Thousands)	807	769	707	680	665	656	647	646	652
% Ch	-0.9%	-4.7%	-8.1%	-3.7%	-2.3%	-1.3%	-1.4%	-0.2%	0.8%
<b>CHEMICALS</b>									
Idaho	2,336	2,324	1,925	1,830	1,877	1,931	1,828	1,810	1,760
% Ch	1.0%	-0.5%	-17.2%	-4.9%	2.5%	2.9%	-5.3%	-1.0%	-2.8%
National (Thousands)	980	959	927	906	887	874	864	860	850
% Ch	-0.2%	-2.2%	-3.3%	-2.3%	-2.1%	-1.4%	-1.2%	-0.5%	-1.1%
<b>OTHER NONDURABLES</b>									
Idaho	4,290	4,224	4,172	4,151	4,334	4,401	4,520	4,629	4,725
% Ch	0.7%	-1.5%	-1.2%	-0.5%	4.4%	1.5%	2.7%	2.4%	2.1%
National (Thousands)	3,048	2,829	2,616	2,443	2,356	2,314	2,236	2,180	2,149
% Ch	-3.1%	-7.2%	-7.5%	-6.6%	-3.6%	-1.8%	-3.4%	-2.5%	-1.4%
<b>MINING</b>									
Idaho	2,347	1,973	1,758	1,784	1,931	2,043	2,075	1,806	1,515
% Ch	-5.5%	-15.9%	-10.9%	1.5%	8.2%	5.8%	1.6%	-13.0%	-16.1%
National (Thousands)	520	532	512	503	523	559	588	565	521
% Ch	0.5%	2.4%	-3.8%	-1.8%	4.1%	6.7%	5.4%	-4.0%	-7.8%
<b>CONSTRUCTION</b>									
Idaho	36,502	37,856	36,456	36,720	39,817	45,180	44,098	42,352	42,166
% Ch	4.2%	3.7%	-3.7%	0.7%	8.4%	13.5%	-2.4%	-4.0%	-0.4%
National (Thousands)	6,788	6,826	6,714	6,732	6,961	7,233	7,408	7,498	7,616
% Ch	3.7%	0.6%	-1.6%	0.3%	3.4%	3.9%	2.4%	1.2%	1.6%
<b>NONGOODS PRODUCING</b>									
Idaho	446,697	457,806	463,003	470,147	482,561	497,332	509,742	523,728	537,258
% Ch	4.0%	2.5%	1.1%	1.5%	2.6%	3.1%	2.5%	2.7%	2.6%
National (Thousands)	107,139	107,960	107,791	108,187	109,593	111,485	113,471	115,339	117,075
% Ch	2.5%	0.8%	-0.2%	0.4%	1.3%	1.7%	1.8%	1.6%	1.5%
<b>SERVICES</b>									
Idaho	238,280	249,575	253,625	260,010	268,969	279,508	288,642	298,665	308,353
% Ch	4.7%	4.7%	1.6%	2.5%	3.4%	3.9%	3.3%	3.5%	3.2%
National (Thousands)	65,137	65,829	65,602	66,074	67,281	68,790	70,264	71,678	73,134
% Ch	2.8%	1.1%	-0.3%	0.7%	1.8%	2.2%	2.1%	2.0%	2.0%
<b>INFORMATION</b>									
Idaho	9,859	9,596	9,157	9,182	9,936	11,052	11,407	11,661	11,904
% Ch	6.3%	-2.7%	-4.6%	0.3%	8.2%	11.2%	3.2%	2.2%	2.1%
National (Thousands)	3,629	3,628	3,393	3,188	3,138	3,145	3,173	3,252	3,298
% Ch	6.2%	0.0%	-6.5%	-6.0%	-1.6%	0.2%	0.9%	2.5%	1.4%
<b>FINANCIAL ACTIVITIES</b>									
Idaho	25,161	25,013	25,824	26,945	27,938	29,177	29,955	30,637	31,274
% Ch	-0.6%	-0.6%	3.2%	4.3%	3.7%	4.4%	2.7%	2.3%	2.1%
National (Thousands)	7,688	7,809	7,848	7,975	8,051	8,213	8,214	8,242	8,311
% Ch	0.5%	1.6%	0.5%	1.6%	0.9%	2.0%	0.0%	0.3%	0.8%

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<b>SERVICES (Continued)</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<b>TRANS., WAREHOUSING, UTILITIES</b>									
Idaho	13,478	14,055	14,557	15,465	16,508	17,329	17,624	18,158	19,004
% Ch	N/C	4.3%	3.6%	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%
National (Thousands)	4,200	4,188	4,264	4,390	4,505	4,576	4,647	4,781	4,906
% Ch	-0.4%	-0.3%	1.8%	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%
<b>PROFESSIONAL &amp; BUSINESS</b>									
Idaho	32,720	33,756	36,872	39,173	42,480	42,934	47,295	50,766	54,793
% Ch	N/C	3.2%	9.2%	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%
National (Thousands)	10,715	10,967	11,493	12,171	12,846	13,461	14,333	15,142	15,954
% Ch	-1.2%	2.3%	4.8%	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%
<b>EDUCATION &amp; HEALTH</b>									
Idaho	32,043	34,554	36,841	39,048	41,491	44,361	46,347	49,248	50,575
% Ch	N/C	7.8%	6.6%	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%
National (Thousands)	11,507	11,890	12,303	12,806	13,288	13,683	14,088	14,445	14,795
% Ch	4.8%	3.3%	3.5%	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%
<b>LEISURE &amp; HOSPITALITY</b>									
Idaho	37,432	39,614	41,375	44,569	46,651	47,558	48,840	50,425	51,461
% Ch	N/C	5.8%	4.4%	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%
National (Thousands)	9,256	9,439	9,733	10,098	10,499	10,774	11,016	11,232	11,544
% Ch	-0.3%	2.0%	3.1%	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%
<b>OTHER SERVICES</b>									
Idaho	11,631	12,045	13,426	15,356	15,829	15,393	15,506	16,235	17,144
% Ch	N/C	3.6%	11.5%	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%
National (Thousands)	4,249	4,240	4,350	4,429	4,572	4,691	4,825	4,976	5,087
% Ch	-0.3%	-0.2%	2.6%	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%
<b>TRADE</b>									
Idaho	72,496	75,916	78,874	83,336	86,215	89,134	91,683	93,772	96,725
% Ch	N/C	4.7%	3.9%	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%
National (Thousands)	18,083	17,939	18,113	18,733	19,328	19,663	20,053	20,405	20,863
% Ch	-2.0%	-0.8%	1.0%	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%
<b>RETAIL TRADE</b>									
Idaho	52,323	54,822	57,743	61,034	63,162	65,408	67,175	69,160	71,418
% Ch	N/C	4.8%	5.3%	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%
National (Thousands)	12,897	12,829	13,019	13,486	13,895	14,141	14,390	14,610	14,971
% Ch	-2.2%	-0.5%	1.5%	3.6%	3.0%	1.8%	1.8%	1.5%	2.5%
<b>WHOLESALE TRADE</b>									
Idaho	20,173	21,094	21,132	22,303	23,053	23,726	24,508	24,612	25,307
% Ch	N/C	4.6%	0.2%	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%
National (Thousands)	5,186	5,110	5,094	5,247	5,433	5,523	5,663	5,795	5,893
% Ch	-1.6%	-1.5%	-0.3%	3.0%	3.5%	1.6%	2.6%	2.3%	1.7%
<b>STATE &amp; LOCAL GOVERNMENT</b>									
Idaho	72,468	75,893	78,166	80,426	83,355	84,360	87,297	89,467	92,263
% Ch	N/C	4.7%	3.0%	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%
National (Thousands)	14,791	15,218	15,436	15,674	15,931	16,258	16,488	16,653	16,854
% Ch	2.6%	2.9%	1.4%	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%
<b>EDUCATION</b>									
Idaho	37,568	38,516	39,830	40,542	42,571	42,572	44,219	45,413	46,750
% Ch	N/C	2.5%	3.4%	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%
<b>NONEDUCATION</b>									
Idaho	34,900	37,377	38,336	39,884	40,783	41,787	43,078	44,055	45,513
% Ch	N/C	7.1%	2.6%	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%
<b>FEDERAL GOVERNMENT</b>									
Idaho	12,899	13,450	13,575	13,493	13,113	12,899	12,904	12,800	12,834
% Ch	N/C	4.3%	0.9%	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%
National (Thousands)	3,111	3,112	3,062	3,016	2,947	2,876	2,806	2,771	2,770
% Ch	-0.4%	0.0%	-1.6%	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%

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<b>SERVICES (Continued)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>TRANS., WAREHOUSING, UTILITIES</b>									
Idaho	19,409	19,156	18,674	18,760	18,943	19,013	19,342	19,810	20,230
% Ch	2.1%	-1.3%	-2.5%	0.5%	1.0%	0.4%	1.7%	2.4%	2.1%
National (Thousands)	5,013	4,974	4,822	4,762	4,819	4,933	5,057	5,152	5,281
% Ch	2.2%	-0.8%	-3.1%	-1.2%	1.2%	2.4%	2.5%	1.9%	2.5%
<b>PROFESSIONAL &amp; BUSINESS</b>									
Idaho	60,624	67,651	69,009	69,995	73,131	76,489	79,244	82,759	86,124
% Ch	10.6%	11.6%	2.0%	1.4%	4.5%	4.6%	3.6%	4.4%	4.1%
National (Thousands)	16,670	16,483	15,977	15,985	16,410	16,921	17,557	18,214	18,946
% Ch	4.5%	-1.1%	-3.1%	0.0%	2.7%	3.1%	3.8%	3.7%	4.0%
<b>EDUCATION &amp; HEALTH</b>									
Idaho	53,018	56,958	59,812	62,555	65,219	68,054	70,405	72,811	75,174
% Ch	4.8%	7.4%	5.0%	4.6%	4.3%	4.3%	3.5%	3.4%	3.2%
National (Thousands)	15,109	15,645	16,202	16,587	16,952	17,336	17,660	17,933	18,185
% Ch	2.1%	3.5%	3.6%	2.4%	2.2%	2.3%	1.9%	1.5%	1.4%
<b>LEISURE &amp; HOSPITALITY</b>									
Idaho	52,565	53,058	53,280	54,404	55,530	57,323	59,382	61,499	63,617
% Ch	2.1%	0.9%	0.4%	2.1%	2.1%	3.2%	3.6%	3.6%	3.4%
National (Thousands)	11,860	12,032	11,988	12,176	12,481	12,768	13,077	13,278	13,418
% Ch	2.7%	1.5%	-0.4%	1.6%	2.5%	2.3%	2.4%	1.5%	1.1%
<b>OTHER SERVICES</b>									
Idaho	17,643	18,143	17,868	18,168	18,271	18,399	18,908	19,487	20,030
% Ch	2.9%	2.8%	-1.5%	1.7%	0.6%	0.7%	2.8%	3.1%	2.8%
National (Thousands)	5,168	5,258	5,372	5,400	5,431	5,473	5,526	5,608	5,696
% Ch	1.6%	1.7%	2.2%	0.5%	0.6%	0.8%	1.0%	1.5%	1.6%
<b>TRADE</b>									
Idaho	100,169	98,088	97,341	97,114	99,123	102,862	105,654	109,053	112,217
% Ch	3.6%	-2.1%	-0.8%	-0.2%	2.1%	3.8%	2.7%	3.2%	2.9%
National (Thousands)	21,212	21,012	20,677	20,528	20,692	20,906	21,167	21,455	21,639
% Ch	1.7%	-0.9%	-1.6%	-0.7%	0.8%	1.0%	1.2%	1.4%	0.9%
<b>RETAIL TRADE</b>									
Idaho	74,456	72,621	72,393	72,617	73,714	76,374	78,603	81,283	83,784
% Ch	4.3%	-2.5%	-0.3%	0.3%	1.5%	3.6%	2.9%	3.4%	3.1%
National (Thousands)	15,279	15,239	15,024	14,920	15,038	15,191	15,351	15,614	15,759
% Ch	2.1%	-0.3%	-1.4%	-0.7%	0.8%	1.0%	1.1%	1.7%	0.9%
<b>WHOLESALE TRADE</b>									
Idaho	25,714	25,467	24,948	24,497	25,409	26,488	27,051	27,770	28,433
% Ch	1.6%	-1.0%	-2.0%	-1.8%	3.7%	4.2%	2.1%	2.7%	2.4%
National (Thousands)	5,933	5,773	5,653	5,608	5,654	5,715	5,816	5,841	5,881
% Ch	0.7%	-2.7%	-2.1%	-0.8%	0.8%	1.1%	1.8%	0.4%	0.7%
<b>STATE &amp; LOCAL GOVERNMENT</b>									
Idaho	94,745	96,863	98,486	99,401	101,158	101,734	102,251	102,869	103,592
% Ch	2.7%	2.2%	1.7%	0.9%	1.8%	0.6%	0.5%	0.6%	0.7%
National (Thousands)	17,925	18,355	18,745	18,822	18,892	19,068	19,314	19,479	19,573
% Ch	6.4%	2.4%	2.1%	0.4%	0.4%	0.9%	1.3%	0.9%	0.5%
<b>EDUCATION</b>									
Idaho	47,990	49,026	49,658	49,917	50,828	51,169	51,638	52,296	52,910
% Ch	2.7%	2.2%	1.3%	0.5%	1.8%	0.7%	0.9%	1.3%	1.2%
<b>NONEDUCATION</b>									
Idaho	46,755	47,836	48,828	49,484	50,329	50,566	50,612	50,573	50,682
% Ch	2.7%	2.3%	2.1%	1.3%	1.7%	0.5%	0.1%	-0.1%	0.2%
<b>FEDERAL GOVERNMENT</b>									
Idaho	13,502	13,280	13,551	13,623	13,311	13,229	13,195	13,141	13,096
% Ch	5.2%	-1.6%	2.0%	0.5%	-2.3%	-0.6%	-0.3%	-0.4%	-0.3%
National (Thousands)	2,865	2,764	2,767	2,763	2,728	2,721	2,726	2,726	2,728
% Ch	3.4%	-3.5%	0.1%	-0.2%	-1.2%	-0.3%	0.2%	0.0%	0.1%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**MISCELLANEOUS**

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>									
<b>Gross Domestic Product</b>	84.457	86.402	88.391	90.265	92.115	93.859	95.415	96.475	97.868
% Ch	3.5%	2.3%	2.3%	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%
<b>Consumption Expenditures</b>	83.419	85.825	87.804	89.654	91.577	93.547	95.124	95.978	97.575
% Ch	3.6%	2.9%	2.3%	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%
<b>Durable Goods</b>	106.081	106.756	107.841	109.978	110.672	109.507	107.068	104.152	101.626
% Ch	1.5%	0.6%	1.0%	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%
<b>Nondurable Goods</b>	86.779	88.105	88.973	89.605	90.629	92.567	93.835	93.821	96.173
% Ch	3.0%	1.5%	1.0%	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%
<b>Services</b>	77.497	80.684	83.345	85.748	88.320	90.844	93.305	95.319	97.393
% Ch	4.4%	4.1%	3.3%	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%
<b>Consumer Price Index (1982-84=1.000)</b>	1.362	1.403	1.445	1.482	1.524	1.569	1.605	1.630	1.666
% Ch	4.2%	3.0%	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%
<b>SELECTED INTEREST RATES</b>									
<b>Federal Funds</b>	5.7%	3.5%	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%
<b>NY Fed Discount</b>	5.5%	3.3%	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%
<b>Prime</b>	8.5%	6.3%	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%
<b>Existing Home Mortgage</b>	9.3%	8.1%	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%
<b>U.S. Govt. 3-Month Bills</b>	5.4%	3.4%	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%
<b>U.S. Govt. 6-Month Bills</b>	5.5%	3.6%	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%
<b>U.S. Govt. 5-Year Notes</b>	7.4%	6.2%	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%
<b>U.S. Govt. 10-Year Notes</b>	7.9%	7.0%	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%
<b>SELECTED US PRODUCTION INDICES</b>									
<b>Wood Products</b>	81.2	85.7	86.7	91.8	94.0	97.1	100.0	104.5	108.8
% Ch	-6.4%	5.5%	1.1%	5.9%	2.4%	3.3%	3.0%	4.5%	4.2%
<b>Computers &amp; Electronic Products</b>	30.3	34.2	37.7	44.8	58.1	74.3	100.0	128.5	169.7
% Ch	3.9%	12.8%	10.4%	18.7%	29.8%	27.8%	34.6%	28.5%	32.0%
<b>Food</b>	92.1	93.8	96.3	96.9	99.3	97.3	100.0	104.4	105.5
% Ch	1.8%	1.9%	2.7%	0.6%	2.6%	-2.0%	2.8%	4.4%	1.1%
<b>Agricultural Chemicals</b>	90.5	94.3	95.1	94.9	94.6	96.4	100.0	102.2	92.2
% Ch	-3.4%	4.2%	0.8%	-0.2%	-0.4%	2.0%	3.7%	2.2%	-9.8%
<b>Metal Ore Mining</b>	84.6	90.8	90.2	91.9	92.8	94.8	100.0	99.6	91.4
% Ch	-0.3%	7.3%	-0.7%	1.9%	1.0%	2.2%	5.4%	-0.4%	-8.2%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
OCTOBER 2005**

**MISCELLANEOUS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>									
<b>Gross Domestic Product</b>	100.000	102.402	104.193	106.310	109.102	112.023	114.520	116.835	119.286
% Ch	2.2%	2.4%	1.7%	2.0%	2.6%	2.7%	2.2%	2.0%	2.1%
<b>Consumption Expenditures</b>	100.000	102.094	103.542	105.520	108.246	111.370	113.858	115.845	118.183
% Ch	2.5%	2.1%	1.4%	1.9%	2.6%	2.9%	2.2%	1.7%	2.0%
<b>Durable Goods</b>	100.000	98.114	95.766	92.372	90.631	90.335	90.058	89.837	89.550
% Ch	-1.6%	-1.9%	-2.4%	-3.5%	-1.9%	-0.3%	-0.3%	-0.2%	-0.3%
<b>Nondurable Goods</b>	100.000	101.531	102.089	104.151	107.635	111.859	113.342	113.850	115.143
% Ch	4.0%	1.5%	0.5%	2.0%	3.3%	3.9%	1.3%	0.4%	1.1%
<b>Services</b>	100.000	103.257	106.018	109.246	112.695	116.117	119.834	123.153	126.715
% Ch	2.7%	3.3%	2.7%	3.0%	3.2%	3.0%	3.2%	2.8%	2.9%
<b>Consumer Price Index (1982-84=100)</b>	1.722	1.771	1.798	1.840	1.889	1.955	2.000	2.030	2.068
% Ch	3.4%	2.8%	1.6%	2.3%	2.7%	3.5%	2.3%	1.5%	1.9%

**SELECTED INTEREST RATES**

<b>Federal Funds</b>	6.2%	3.9%	1.7%	1.1%	1.3%	3.1%	4.3%	4.6%	4.8%
<b>NY Fed Discount</b>	5.7%	3.4%	1.2%	2.1%	2.3%	4.1%	5.3%	5.6%	5.8%
<b>Prime</b>	9.2%	6.9%	4.7%	4.1%	4.3%	6.1%	7.3%	7.6%	7.8%
<b>Existing Home Mortgage</b>	8.0%	7.0%	6.5%	5.7%	5.7%	5.8%	6.4%	6.7%	7.0%
<b>U.S. Govt. 3-Month Bills</b>	5.8%	3.4%	1.6%	1.0%	1.4%	3.1%	4.2%	4.5%	4.7%
<b>U.S. Govt. 6-Month Bills</b>	5.9%	3.4%	1.7%	1.1%	1.6%	3.3%	4.4%	4.6%	4.8%
<b>U.S. Govt. 5-Year Notes</b>	6.2%	4.6%	3.8%	3.0%	3.4%	4.0%	4.8%	5.1%	5.3%
<b>U.S. Govt. 10-Year Notes</b>	6.0%	5.0%	4.6%	4.0%	4.3%	4.2%	4.9%	5.2%	5.4%

**SELECTED US PRODUCTION INDICES**

<b>Wood Products</b>	107.3	100.4	102.6	100.9	104.6	102.2	106.9	104.8	98.0
% Ch	-1.4%	-6.4%	2.1%	-1.6%	3.7%	-2.3%	4.6%	-2.0%	-6.4%
<b>Computers &amp; Electronic Products</b>	224.9	227.3	222.2	251.5	288.9	337.7	382.8	423.6	470.5
% Ch	32.6%	1.1%	-2.2%	13.2%	14.9%	16.9%	13.3%	10.7%	11.1%
<b>Food</b>	107.3	107.4	109.4	109.6	111.5	113.9	116.0	118.2	120.5
% Ch	1.7%	0.0%	1.9%	0.1%	1.8%	2.1%	1.9%	1.9%	2.0%
<b>Agricultural Chemicals</b>	86.9	80.0	81.0	81.0	81.2	79.4	79.1	79.1	78.7
% Ch	-5.7%	-8.0%	1.3%	0.0%	0.3%	-2.2%	-0.4%	0.0%	-0.5%
<b>Metal Ore Mining</b>	91.0	82.7	75.7	70.4	72.1	78.4	79.6	82.2	84.3
% Ch	-0.4%	-9.2%	-8.4%	-7.0%	2.5%	8.6%	1.6%	3.2%	2.6%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**DEMOGRAPHICS**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>POPULATION</b>												
Idaho (Thousands)	1,356.5	1,362.4	1,368.3	1,374.7	1,381.2	1,387.6	1,394.3	1,400.9	1,406.5	1,412.1	1,417.6	1,423.2
% Ch	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	1.9%	1.6%	1.6%	1.6%	1.6%
National (Millions)	290.340	291.049	291.745	292.417	293.088	293.759	294.436	295.109	295.783	296.457	297.131	297.803
% Ch	0.9%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>BIRTHS</b>												
Idaho (Thousands)	21.387	21.635	21.850	22.071	21.937	22.062	22.202	22.332	22.431	22.525	22.619	22.713
% Ch	3.6%	4.7%	4.0%	4.1%	-2.4%	2.3%	2.6%	2.4%	1.8%	1.7%	1.7%	1.7%
National (Thousands)	3,894	3,898	3,903	3,909	3,915	3,921	3,928	3,935	3,943	3,951	3,959	3,968
% Ch	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%
<b>DEATHS</b>												
Idaho (Thousands)	10.100	10.270	10.390	10.470	10.542	10.589	10.638	10.686	10.728	10.770	10.812	10.854
% Ch	5.0%	6.9%	4.8%	3.1%	2.8%	1.8%	1.9%	1.8%	1.6%	1.6%	1.6%	1.6%
National (Thousands)	2,480	2,485	2,490	2,495	2,499	2,504	2,510	2,515	2,520	2,525	2,531	2,536
% Ch	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.0%	0.8%
<b>NET MIGRATION</b>												
Idaho (Thousands)	11.959	11.567	12.074	12.707	13.360	13.731	14.435	14.473	13.607	12.747	11.479	10.452
<b>HOUSING</b>												
<b>HOUSING STARTS</b>												
Idaho	15,932	15,188	16,507	17,584	16,468	17,811	19,240	20,448	23,284	22,551	20,818	19,986
% Ch	4.4%	-17.4%	39.6%	28.8%	-23.1%	36.9%	36.2%	27.6%	68.1%	-12.0%	-27.4%	-15.1%
National (Millions)	1.736	1.754	1.890	2.036	1.929	1.923	1.974	1.973	2.083	2.038	2.033	2.059
% Ch	1.5%	4.1%	34.8%	34.7%	-19.4%	-1.2%	11.1%	-0.3%	24.2%	-8.4%	-0.9%	5.2%
<b>SINGLE UNITS</b>												
Idaho	12,677	13,012	14,227	15,370	14,171	15,350	16,570	18,258	21,052	19,856	18,570	17,733
% Ch	13.9%	11.0%	42.9%	36.2%	-27.7%	37.7%	35.8%	47.4%	76.8%	-20.9%	-23.5%	-16.8%
National (Millions)	1.412	1.426	1.525	1.657	1.562	1.600	1.635	1.621	1.709	1.689	1.704	1.738
% Ch	5.1%	3.9%	30.7%	39.6%	-21.2%	10.1%	9.1%	-3.4%	23.5%	-4.6%	3.6%	8.2%
<b>MULTIPLE UNITS</b>												
Idaho	3,255	2,175	2,281	2,214	2,297	2,461	2,670	2,190	2,232	2,197	2,248	2,253
% Ch	-24.3%	-80.0%	20.8%	-11.1%	15.7%	31.9%	38.4%	-54.7%	7.8%	-6.1%	9.7%	0.9%
National (Millions)	0.324	0.328	0.365	0.378	0.367	0.323	0.339	0.352	0.374	0.349	0.329	0.321
% Ch	-12.5%	5.0%	54.0%	15.4%	-11.5%	-39.8%	21.3%	15.8%	27.4%	-24.5%	-20.4%	-9.4%
<b>HOUSING STOCK</b>												
Idaho (Thousands)	451.5	454.9	458.7	462.8	466.5	470.6	475.1	479.8	485.3	490.6	495.4	500.0
% Ch	3.3%	3.1%	3.4%	3.6%	3.3%	3.6%	3.8%	4.1%	4.6%	4.4%	4.0%	3.8%

**National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005**

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**DEMOGRAPHICS**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>POPULATION</b>												
Idaho (Thousands)	1,428.7	1,434.3	1,439.8	1,445.4	1,450.9	1,456.4	1,462.0	1,467.5	1,473.1	1,478.6	1,484.2	1,489.7
% Ch	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
National (Millions)	298.474	299.145	299.813	300.480	301.148	301.816	302.481	303.139	303.798	304.457	305.113	305.782
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>BIRTHS</b>												
Idaho (Thousands)	22.808	22.902	22.996	23.090	23.184	23.278	23.372	23.466	23.561	23.655	23.749	23.843
% Ch	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
National (Thousands)	3,977	3,986	3,995	4,006	4,017	4,027	4,038	4,049	4,060	4,071	4,083	4,094
% Ch	0.9%	0.9%	0.9%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%
<b>DEATHS</b>												
Idaho (Thousands)	10.896	10.937	10.979	11.021	11.063	11.105	11.146	11.188	11.230	11.272	11.314	11.356
% Ch	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
National (Thousands)	2,540	2,545	2,550	2,556	2,561	2,566	2,571	2,576	2,582	2,587	2,592	2,598
% Ch	0.6%	0.8%	0.8%	0.9%	0.8%	0.8%	0.8%	0.8%	0.9%	0.8%	0.8%	0.9%
<b>NET MIGRATION</b>												
Idaho (Thousands)	10.279	10.226	10.174	10.122	10.069	10.017	9.965	9.912	9.860	9.808	9.755	9.703
<b>HOUSING</b>												
<b>HOUSING STARTS</b>												
Idaho	19,637	19,186	18,850	18,730	18,708	18,680	18,560	18,427	18,321	18,205	18,041	17,782
% Ch	-6.8%	-8.9%	-6.8%	-2.5%	-0.5%	-0.6%	-2.5%	-2.8%	-2.3%	-2.5%	-3.6%	-5.6%
National (Millions)	2.003	1.921	1.866	1.858	1.861	1.859	1.854	1.855	1.845	1.833	1.819	1.798
% Ch	-10.3%	-15.4%	-11.0%	-1.7%	0.5%	-0.3%	-1.0%	0.2%	-2.2%	-2.5%	-3.0%	-4.5%
<b>SINGLE UNITS</b>												
Idaho	17,457	17,132	16,899	16,817	16,802	16,764	16,648	16,511	16,385	16,248	16,074	15,838
% Ch	-6.1%	-7.2%	-5.3%	-1.9%	-0.4%	-0.9%	-2.7%	-3.3%	-3.0%	-3.3%	-4.2%	-5.7%
National (Millions)	1.687	1.596	1.529	1.511	1.505	1.493	1.483	1.483	1.472	1.465	1.454	1.438
% Ch	-11.1%	-20.0%	-15.7%	-4.6%	-1.7%	-3.2%	-2.5%	-0.1%	-2.7%	-2.0%	-3.1%	-4.3%
<b>MULTIPLE UNITS</b>												
Idaho	2,179	2,053	1,952	1,912	1,907	1,916	1,912	1,916	1,936	1,957	1,966	1,944
% Ch	-12.5%	-21.2%	-18.4%	-7.8%	-1.1%	2.0%	-0.8%	0.8%	4.2%	4.5%	1.8%	-4.4%
National (Millions)	0.316	0.326	0.337	0.347	0.356	0.367	0.371	0.372	0.372	0.368	0.366	0.361
% Ch	-6.1%	12.2%	15.1%	12.2%	10.6%	12.4%	5.1%	1.4%	-0.2%	-4.4%	-2.6%	-5.3%
<b>HOUSING STOCK</b>												
Idaho (Thousands)	504.6	509.0	513.3	517.6	521.9	526.2	530.4	534.6	538.8	543.0	547.1	551.1
% Ch	3.7%	3.5%	3.4%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%	3.1%	3.1%	3.0%

**National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005**

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**OUTPUT, INCOME, & WAGES**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GROSS DOM. PRODUCT (Billions)</b>												
Current Dollars	10,717	10,845	11,087	11,236	11,457	11,666	11,819	11,995	12,199	12,373	12,573	12,746
% Ch	4.8%	4.8%	9.3%	5.5%	8.1%	7.5%	5.3%	6.1%	7.0%	5.8%	6.6%	5.6%
2000 Chain-Weighted	10,139	10,230	10,411	10,503	10,613	10,704	10,809	10,897	10,999	11,089	11,188	11,265
% Ch	1.7%	3.7%	7.2%	3.6%	4.3%	3.5%	4.0%	3.3%	3.8%	3.3%	3.6%	2.8%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	34,233	34,398	34,789	35,220	36,358	37,271	37,473	38,473	39,271	39,914	40,340	41,163
% Ch	-0.3%	1.9%	4.6%	5.0%	13.6%	10.4%	2.2%	11.1%	8.6%	6.7%	4.3%	8.4%
Idaho Nonfarm (Millions)	33,565	33,668	34,038	34,388	35,161	35,961	36,455	37,565	37,988	38,770	39,288	40,116
% Ch	5.4%	1.2%	4.5%	4.2%	9.3%	9.4%	5.6%	12.7%	4.6%	8.5%	5.5%	8.7%
National (Billions)	9,014	9,119	9,215	9,329	9,485	9,614	9,729	10,025	10,073	10,229	10,336	10,541
% Ch	4.0%	4.7%	4.3%	5.0%	6.9%	5.6%	4.9%	12.7%	2.0%	6.3%	4.3%	8.2%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	32,587	32,692	32,902	33,203	33,953	34,482	34,542	35,191	35,722	36,022	36,043	36,486
% Ch	-3.3%	1.3%	2.6%	3.7%	9.3%	6.4%	0.7%	7.7%	6.2%	3.4%	0.2%	5.0%
Idaho Nonfarm (Millions)	31,951	31,998	32,192	32,418	32,835	33,270	33,604	34,361	34,555	34,990	35,104	35,558
% Ch	2.3%	0.6%	2.5%	2.8%	5.2%	5.4%	4.1%	9.3%	2.3%	5.1%	1.3%	5.3%
National (Billions)	8,580	8,666	8,716	8,794	8,857	8,895	8,968	9,170	9,163	9,231	9,235	9,343
% Ch	0.9%	4.1%	2.3%	3.7%	2.9%	1.7%	3.3%	9.3%	-0.3%	3.0%	0.1%	4.8%
<b>PER CAPITA PERS INC - CURR \$</b>												
Idaho	25,237	25,249	25,424	25,620	26,323	26,861	26,875	27,464	27,921	28,266	28,456	28,924
% Ch	-2.1%	0.2%	2.8%	3.1%	11.4%	8.4%	0.2%	9.1%	6.8%	5.0%	2.7%	6.7%
National	31,045	31,330	31,587	31,902	32,362	32,729	33,044	33,970	34,057	34,503	34,784	35,395
% Ch	3.1%	3.7%	3.3%	4.0%	5.9%	4.6%	3.9%	11.7%	1.0%	5.3%	3.3%	7.2%
<b>PER CAPITA PERS INC - 2000 \$</b>												
Idaho	24,024	23,996	24,046	24,152	24,582	24,851	24,774	25,121	25,397	25,510	25,425	25,637
% Ch	-5.0%	-0.5%	0.8%	1.8%	7.3%	4.4%	-1.2%	5.7%	4.5%	1.8%	-1.3%	3.4%
National	29,553	29,776	29,874	30,075	30,221	30,279	30,459	31,072	30,979	31,139	31,080	31,374
% Ch	0.1%	3.1%	1.3%	2.7%	2.0%	0.8%	2.4%	8.3%	-1.2%	2.1%	-0.8%	3.8%
<b>AVERAGE ANNUAL WAGE</b>												
Idaho	29,544	29,639	29,912	29,864	30,248	30,662	31,039	31,813	31,774	32,394	32,529	32,787
% Ch	3.5%	1.3%	3.7%	-0.6%	5.2%	5.6%	5.0%	10.4%	-0.5%	8.0%	1.7%	3.2%
National	38,662	39,184	39,571	39,851	40,254	40,496	41,160	42,047	42,389	42,797	43,059	43,492
% Ch	4.2%	5.5%	4.0%	2.9%	4.1%	2.4%	6.7%	8.9%	3.3%	3.9%	2.5%	4.1%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**OUTPUT, INCOME, & WAGES**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GROSS DOM. PRODUCT (Billions)</b>												
Current Dollars	12,940	13,105	13,267	13,428	13,606	13,790	13,974	14,178	14,378	14,575	14,762	14,943
% Ch	6.2%	5.2%	5.0%	4.9%	5.4%	5.5%	5.5%	6.0%	5.7%	5.6%	5.2%	5.0%
2000 Chain-Weighted	11,370	11,476	11,562	11,643	11,729	11,830	11,933	12,049	12,146	12,250	12,343	12,432
% Ch	3.8%	3.8%	3.0%	2.8%	3.0%	3.5%	3.5%	3.9%	3.3%	3.5%	3.1%	2.9%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	41,758	42,452	43,175	43,819	44,455	45,041	45,643	46,256	47,072	47,700	48,370	49,081
% Ch	5.9%	6.8%	7.0%	6.1%	5.9%	5.4%	5.5%	5.5%	7.2%	5.4%	5.7%	6.0%
Idaho Nonfarm (Millions)	40,751	41,376	42,087	42,725	43,287	43,905	44,540	45,187	45,907	46,587	47,259	47,969
% Ch	6.5%	6.3%	7.1%	6.2%	5.4%	5.8%	5.9%	5.9%	6.5%	6.1%	5.9%	6.1%
National (Billions)	10,715	10,887	11,056	11,202	11,348	11,501	11,662	11,833	12,013	12,184	12,350	12,517
% Ch	6.8%	6.6%	6.3%	5.4%	5.3%	5.5%	5.7%	6.0%	6.2%	5.8%	5.6%	5.5%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	36,850	37,389	37,864	38,255	38,634	38,969	39,315	39,658	40,145	40,473	40,822	41,199
% Ch	4.1%	6.0%	5.2%	4.2%	4.0%	3.5%	3.6%	3.5%	5.0%	3.3%	3.5%	3.7%
Idaho Nonfarm (Millions)	35,961	36,441	36,909	37,301	37,619	37,987	38,365	38,741	39,152	39,529	39,885	40,265
% Ch	4.6%	5.4%	5.2%	4.3%	3.5%	4.0%	4.0%	4.0%	4.3%	3.9%	3.6%	3.9%
National (Billions)	9,455	9,589	9,696	9,780	9,862	9,951	10,045	10,145	10,245	10,338	10,423	10,507
% Ch	4.9%	5.8%	4.5%	3.5%	3.4%	3.6%	3.9%	4.0%	4.0%	3.7%	3.3%	3.3%
<b>PER CAPITA PERS INC - CURR \$</b>												
Idaho	29,228	29,599	29,987	30,317	30,639	30,925	31,220	31,520	31,954	32,259	32,590	32,946
% Ch	4.3%	5.2%	5.3%	4.5%	4.3%	3.8%	3.9%	3.9%	5.6%	3.9%	4.2%	4.4%
National	35,899	36,395	36,877	37,279	37,683	38,107	38,555	39,035	39,541	40,017	40,475	40,935
% Ch	5.8%	5.6%	5.4%	4.4%	4.4%	4.6%	4.8%	5.1%	5.3%	4.9%	4.7%	4.6%
<b>PER CAPITA PERS INC - 2000 \$</b>												
Idaho	25,792	26,068	26,298	26,468	26,628	26,756	26,892	27,023	27,252	27,372	27,505	27,655
% Ch	2.4%	4.4%	3.6%	2.6%	2.4%	1.9%	2.0%	2.0%	3.4%	1.8%	2.0%	2.2%
National	31,679	32,054	32,340	32,546	32,749	32,970	33,210	33,467	33,722	33,955	34,160	34,361
% Ch	4.0%	4.8%	3.6%	2.6%	2.5%	2.7%	2.9%	3.1%	3.1%	2.8%	2.4%	2.4%
<b>AVERAGE ANNUAL WAGE</b>												
Idaho	33,099	33,414	33,831	34,273	34,623	34,928	35,228	35,531	35,961	36,293	36,656	37,038
% Ch	3.9%	3.9%	5.1%	5.3%	4.1%	3.6%	3.5%	3.5%	4.9%	3.7%	4.1%	4.2%
National	43,966	44,456	44,962	45,444	45,947	46,412	46,903	47,428	48,017	48,542	49,067	49,597
% Ch	4.4%	4.5%	4.6%	4.4%	4.5%	4.1%	4.3%	4.6%	5.1%	4.4%	4.4%	4.4%

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**PERSONAL INCOME -- CURR \$\$**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>WAGE AND SALARY PAYMENTS</b>												
Idaho (Millions)	17,536	17,535	17,753	17,852	18,164	18,638	18,986	19,604	19,913	20,394	20,563	20,806
% Ch	2.9%	0.0%	5.1%	2.2%	7.2%	10.9%	7.7%	13.7%	6.5%	10.0%	3.4%	4.8%
National (Billions)	5,030	5,088	5,140	5,187	5,255	5,318	5,422	5,563	5,630	5,710	5,766	5,844
% Ch	3.7%	4.7%	4.2%	3.7%	5.3%	4.9%	8.0%	10.8%	4.9%	5.8%	3.9%	5.5%
<b>FARM PROPRIETORS INCOME</b>												
Idaho (Millions)	297	358	373	443	859	955	645	511	878	736	655	648
% Ch	-97.0%	111.1%	17.8%	99.0%	1313.7%	52.8%	-79.2%	-60.6%	771.6%	-50.6%	-37.2%	-4.1%
National (Billions)	21	27	28	35	45	44	30	25	25	25	25	23
% Ch	54.1%	209.9%	15.5%	140.0%	165.4%	-6.1%	-79.4%	-52.9%	1.6%	0.0%	0.9%	-24.0%
<b>NONFARM PROPRIETORS INCOME</b>												
Idaho (Millions)	3,400	3,418	3,478	3,544	3,687	3,800	3,858	3,922	4,060	4,176	4,210	4,337
% Ch	11.7%	2.1%	7.2%	7.8%	17.1%	12.8%	6.2%	6.8%	14.8%	11.9%	3.3%	12.6%
National (Billions)	758	774	793	805	825	854	859	876	893	917	923	951
% Ch	-1.0%	8.9%	10.1%	6.1%	10.6%	14.7%	2.5%	8.1%	7.9%	11.1%	2.8%	12.7%
<b>DIVIDENDS, RENT &amp; INTEREST</b>												
Idaho (Millions)	5,973	5,920	5,883	6,030	6,004	6,033	6,051	6,316	6,039	6,058	6,111	6,469
% Ch	5.2%	-3.5%	-2.5%	10.4%	-1.7%	1.9%	1.2%	18.7%	-16.4%	1.3%	3.6%	25.5%
National (Billions)	1,472	1,466	1,458	1,485	1,495	1,506	1,500	1,622	1,526	1,542	1,522	1,598
% Ch	4.1%	-1.7%	-2.2%	7.7%	2.6%	3.0%	-1.4%	36.7%	-21.7%	4.3%	-5.1%	21.5%
<b>OTHER LABOR INCOME</b>												
Idaho (Millions)	4,259	4,264	4,329	4,387	4,565	4,699	4,787	4,939	5,085	5,210	5,270	5,322
% Ch	7.5%	0.5%	6.2%	5.5%	17.2%	12.3%	7.7%	13.3%	12.4%	10.2%	4.7%	4.0%
National (Billions)	805	822	838	855	877	888	898	920	950	969	979	990
% Ch	11.5%	8.6%	8.3%	8.5%	10.5%	4.9%	4.8%	10.0%	13.9%	8.1%	4.2%	4.7%
<b>GOVT. TRANSFERS TO INDIV.</b>												
Idaho (Millions)	5,125	5,240	5,328	5,337	5,524	5,625	5,658	5,767	5,950	6,049	6,252	6,340
% Ch	6.0%	9.3%	6.9%	0.7%	14.8%	7.5%	2.4%	7.9%	13.3%	6.8%	14.1%	5.8%
National (Billions)	1,320	1,337	1,357	1,362	1,400	1,420	1,442	1,449	1,489	1,510	1,568	1,586
% Ch	3.9%	5.3%	6.1%	1.6%	11.4%	5.9%	6.3%	2.2%	11.4%	5.7%	16.4%	4.7%
<b>CONTRIB. FOR SOCIAL INSUR.</b>												
Idaho (Millions)	2,899	2,897	2,928	2,932	3,012	3,068	3,107	3,188	3,267	3,335	3,350	3,390
% Ch	8.3%	-0.3%	4.3%	0.5%	11.4%	7.6%	5.2%	10.8%	10.3%	8.6%	1.8%	4.8%
National (Billions)	375	379	382	385	395	398	404	413	422	426	429	433
% Ch	10.0%	4.4%	3.7%	2.8%	11.0%	3.1%	6.6%	9.2%	8.5%	4.2%	2.5%	4.1%
<b>RESIDENCE ADJUSTMENT</b>												
Idaho (Millions)	541	562	574	560	568	588	595	603	613	626	629	630
% Ch	0.7%	16.5%	8.8%	-9.4%	5.8%	14.8%	4.8%	5.5%	6.8%	8.8%	1.7%	0.9%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005



**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**PERSONAL INCOME -- CURR \$\$**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>WAGE AND SALARY PAYMENTS</b>												
Idaho (Millions)	21,096	21,389	21,744	22,112	22,450	22,758	23,069	23,388	23,796	24,134	24,485	24,855
% Ch	5.7%	5.7%	6.8%	6.9%	6.3%	5.6%	5.6%	5.6%	7.2%	5.8%	5.9%	6.2%
National (Billions)	5,933	6,023	6,111	6,197	6,286	6,371	6,460	6,556	6,658	6,752	6,844	6,933
% Ch	6.2%	6.2%	6.0%	5.8%	5.8%	5.6%	5.7%	6.1%	6.4%	5.8%	5.5%	5.3%
<b>FARM PROPRIETORS INCOME</b>												
Idaho (Millions)	609	677	688	693	767	734	701	666	760	708	706	706
% Ch	-22.3%	52.9%	6.7%	3.0%	50.0%	-16.2%	-16.9%	-18.3%	69.5%	-24.6%	-1.3%	0.1%
National (Billions)	23	25	24	23	23	21	20	18	16	15	15	15
% Ch	6.5%	28.0%	-17.1%	-14.6%	-5.7%	-23.6%	-25.5%	-28.6%	-30.5%	-36.9%	-2.2%	-0.2%
<b>NONFARM PROPRIETORS INCOME</b>												
Idaho (Millions)	4,440	4,525	4,580	4,637	4,703	4,779	4,851	4,928	5,002	5,079	5,149	5,218
% Ch	9.9%	7.9%	4.9%	5.1%	5.9%	6.6%	6.2%	6.5%	6.1%	6.3%	5.6%	5.5%
National (Billions)	974	993	1,004	1,016	1,030	1,047	1,062	1,079	1,095	1,111	1,126	1,141
% Ch	9.9%	7.8%	4.7%	4.9%	5.7%	6.5%	6.1%	6.4%	6.0%	6.2%	5.5%	5.4%
<b>DIVIDENDS, RENT &amp; INTEREST</b>												
Idaho (Millions)	6,582	6,733	6,908	7,053	7,190	7,320	7,479	7,641	7,808	7,964	8,119	8,286
% Ch	7.2%	9.5%	10.8%	8.7%	8.0%	7.5%	9.0%	8.9%	9.0%	8.2%	8.0%	8.5%
National (Billions)	1,623	1,660	1,702	1,735	1,766	1,794	1,829	1,866	1,905	1,941	1,978	2,016
% Ch	6.5%	9.3%	10.6%	7.8%	7.4%	6.5%	8.1%	8.3%	8.7%	7.8%	7.7%	8.1%
<b>OTHER LABOR INCOME</b>												
Idaho (Millions)	5,385	5,431	5,494	5,557	5,573	5,630	5,674	5,716	5,765	5,819	5,871	5,935
% Ch	4.8%	3.5%	4.7%	4.7%	1.1%	4.2%	3.1%	3.0%	3.5%	3.8%	3.6%	4.4%
National (Billions)	1,001	1,010	1,018	1,026	1,028	1,039	1,047	1,056	1,063	1,073	1,081	1,091
% Ch	4.6%	3.4%	3.2%	3.5%	0.8%	4.1%	3.2%	3.4%	2.7%	3.7%	3.2%	3.5%
<b>GOVT. TRANSFERS TO INDIV.</b>												
Idaho (Millions)	6,500	6,591	6,705	6,767	6,857	6,934	7,014	7,103	7,221	7,313	7,403	7,494
% Ch	10.5%	5.7%	7.0%	3.8%	5.4%	4.6%	4.7%	5.2%	6.8%	5.2%	5.0%	5.0%
National (Billions)	1,624	1,647	1,673	1,687	1,709	1,728	1,748	1,770	1,799	1,821	1,843	1,865
% Ch	9.9%	5.8%	6.6%	3.3%	5.4%	4.5%	4.6%	5.1%	6.7%	5.1%	4.9%	4.9%
<b>CONTRIB. FOR SOCIAL INSUR.</b>												
Idaho (Millions)	3,488	3,531	3,584	3,647	3,738	3,771	3,806	3,849	3,952	3,992	4,043	4,100
% Ch	12.1%	5.0%	6.2%	7.2%	10.4%	3.5%	3.7%	4.7%	11.1%	4.2%	5.2%	5.8%
National (Billions)	445	450	457	463	474	478	483	489	501	507	513	520
% Ch	11.2%	5.1%	5.5%	5.5%	10.0%	3.6%	3.9%	5.4%	10.5%	4.5%	5.1%	5.3%
<b>RESIDENCE ADJUSTMENT</b>												
Idaho (Millions)	633	636	642	647	652	656	660	664	671	676	681	687
% Ch	2.0%	2.0%	3.4%	3.7%	3.0%	2.3%	2.3%	2.5%	4.4%	2.9%	3.1%	3.5%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**OCTOBER 2005**

**EMPLOYMENT**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	572,407	570,019	571,882	575,743	579,705	586,974	590,485	594,826	604,731	608,257	611,115	613,591
% Ch	0.0%	-1.7%	1.3%	2.7%	2.8%	5.1%	2.4%	3.0%	6.8%	2.4%	1.9%	1.6%
National (Thousands)	130,093	129,845	129,890	130,168	130,541	131,325	131,731	132,302	132,814	133,429	133,903	134,362
% Ch	-0.5%	-0.8%	0.1%	0.9%	1.2%	2.4%	1.2%	1.7%	1.6%	1.9%	1.4%	1.4%
<b>GOODS PRODUCING SECTOR</b>												
Idaho	103,806	101,645	101,788	102,223	103,577	105,465	105,462	107,242	110,679	112,549	112,746	112,391
% Ch	-6.1%	-8.1%	0.6%	1.7%	5.4%	7.5%	0.0%	6.9%	13.4%	6.9%	0.7%	-1.3%
National (Thousands)	22,036	21,828	21,700	21,684	21,725	21,868	21,932	22,000	22,054	22,134	22,148	22,230
% Ch	-3.9%	-3.7%	-2.3%	-0.3%	0.7%	2.7%	1.2%	1.3%	1.0%	1.5%	0.3%	1.5%
<b>MANUFACTURING</b>												
Idaho	65,394	63,757	63,344	62,951	63,175	63,851	63,561	64,171	64,875	65,110	64,804	64,683
% Ch	-7.2%	-9.6%	-2.6%	-2.5%	1.4%	4.4%	-1.8%	3.9%	4.5%	1.5%	-1.9%	-0.7%
National (Thousands)	14,857	14,624	14,446	14,383	14,353	14,407	14,421	14,406	14,382	14,357	14,320	14,340
% Ch	-5.2%	-6.1%	-4.8%	-1.7%	-0.8%	1.5%	0.4%	-0.4%	-0.6%	-0.7%	-1.0%	0.6%
<b>DURABLE MANUFACTURING</b>												
Idaho	41,067	39,715	39,442	39,578	39,958	40,778	40,647	40,854	41,600	41,861	41,767	41,773
% Ch	-11.4%	-12.5%	-2.7%	1.4%	3.9%	8.5%	-1.3%	2.1%	7.5%	2.5%	-0.9%	0.1%
National (Thousands)	9,209	9,053	8,940	8,924	8,932	8,988	9,017	9,024	9,022	9,019	8,995	9,011
% Ch	-6.3%	-6.6%	-4.9%	-0.7%	0.3%	2.5%	1.3%	0.3%	-0.1%	-0.1%	-1.1%	0.7%
<b>LOGGING &amp; WOOD PRODUCTS</b>												
Idaho	9,343	8,911	8,888	9,062	9,242	9,419	9,308	9,259	9,480	9,469	9,363	9,368
% Ch	-11.3%	-17.2%	-1.0%	8.0%	8.2%	7.8%	-4.6%	-2.1%	9.9%	-0.5%	-4.4%	0.2%
National (Thousands)	611	606	603	608	610	616	618	622	623	615	615	620
% Ch	-3.9%	-3.3%	-1.9%	3.9%	1.1%	3.9%	1.4%	2.2%	0.6%	-4.6%	-0.5%	3.3%
<b>METAL FABRICATION</b>												
Idaho	3,616	3,529	3,473	3,528	3,586	3,637	3,676	3,645	3,792	3,832	3,824	3,829
% Ch	-4.1%	-9.3%	-6.2%	6.5%	6.7%	5.8%	4.4%	-3.4%	17.1%	4.3%	-0.9%	0.5%
National (Thousands)	1,501	1,480	1,465	1,468	1,477	1,494	1,506	1,512	1,515	1,520	1,524	1,528
% Ch	-6.3%	-5.5%	-4.1%	0.8%	2.5%	4.7%	3.1%	1.5%	0.9%	1.2%	1.1%	1.0%
<b>MACHINERY</b>												
Idaho	2,702	2,653	2,596	2,577	2,558	2,572	2,568	2,579	2,613	2,626	2,631	2,622
% Ch	-16.0%	-7.0%	-8.4%	-2.8%	-3.0%	2.3%	-0.7%	1.7%	5.3%	2.1%	0.7%	-1.3%
National (Thousands)	1,178	1,153	1,135	1,132	1,130	1,141	1,149	1,147	1,149	1,155	1,159	1,167
% Ch	-6.9%	-8.3%	-6.2%	-1.1%	-0.6%	3.7%	3.0%	-0.7%	0.6%	2.4%	1.2%	2.8%
<b>COMPUTER &amp; ELECTRONICS</b>												
Idaho	16,818	16,159	16,195	15,999	16,165	16,483	16,233	16,247	16,374	16,523	16,580	16,691
% Ch	-19.9%	-14.8%	0.9%	-4.8%	4.2%	8.1%	-5.9%	0.4%	3.2%	3.7%	1.4%	2.7%
National (Thousands)	1,400	1,364	1,335	1,322	1,319	1,326	1,333	1,328	1,327	1,331	1,337	1,333
% Ch	-11.6%	-9.7%	-8.3%	-3.8%	-1.0%	2.2%	2.3%	-1.6%	-0.2%	1.2%	1.8%	-1.0%
<b>OTHER DURABLES</b>												
Idaho	8,588	8,463	8,290	8,412	8,407	8,667	8,863	9,124	9,341	9,410	9,369	9,264
% Ch	6.8%	-5.7%	-7.9%	6.0%	-0.2%	12.9%	9.4%	12.3%	9.9%	3.0%	-1.7%	-4.4%
National (Thousands)	4,519	4,449	4,402	4,394	4,395	4,411	4,411	4,416	4,409	4,398	4,361	4,363
% Ch	-4.7%	-6.0%	-4.2%	-0.8%	0.2%	1.5%	-0.1%	0.5%	-0.7%	-1.0%	-3.4%	0.2%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**EMPLOYMENT**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	616,339	619,256	622,103	624,786	628,028	631,327	634,742	638,251	641,736	645,148	648,301	651,581
% Ch	1.8%	1.9%	1.9%	1.7%	2.1%	2.1%	2.2%	2.2%	2.2%	2.1%	2.0%	2.0%
National (Thousands)	134,936	135,483	135,913	136,368	136,803	137,278	137,728	138,222	138,668	139,105	139,478	139,792
% Ch	1.7%	1.6%	1.3%	1.3%	1.3%	1.4%	1.3%	1.4%	1.3%	1.3%	1.1%	0.9%
<b>GOODS PRODUCING SECTOR</b>												
Idaho	111,971	111,394	110,485	109,664	109,448	109,305	109,277	109,406	109,391	109,468	109,424	109,452
% Ch	-1.5%	-2.0%	-3.2%	-2.9%	-0.8%	-0.5%	-0.1%	0.5%	-0.1%	0.3%	-0.2%	0.1%
National (Thousands)	22,287	22,266	22,148	22,112	22,112	22,158	22,185	22,221	22,199	22,181	22,178	22,185
% Ch	1.0%	-0.4%	-2.1%	-0.7%	0.0%	0.8%	0.5%	0.6%	-0.4%	-0.3%	0.0%	0.1%
<b>MANUFACTURING</b>												
Idaho	64,643	64,733	64,722	64,725	64,979	65,086	65,263	65,480	65,538	65,701	65,779	65,993
% Ch	-0.2%	0.6%	-0.1%	0.0%	1.6%	0.7%	1.1%	1.3%	0.4%	1.0%	0.5%	1.3%
National (Thousands)	14,315	14,238	14,144	14,132	14,128	14,119	14,097	14,081	14,065	14,049	14,044	14,039
% Ch	-0.7%	-2.1%	-2.6%	-0.4%	-0.1%	-0.3%	-0.6%	-0.5%	-0.4%	-0.5%	-0.2%	-0.1%
<b>DURABLE MANUFACTURING</b>												
Idaho	41,821	41,988	42,007	41,939	42,162	42,215	42,366	42,571	42,610	42,743	42,796	42,987
% Ch	0.5%	1.6%	0.2%	-0.6%	2.1%	0.5%	1.4%	1.9%	0.4%	1.2%	0.5%	1.8%
National (Thousands)	9,017	8,997	8,947	8,956	8,958	8,948	8,926	8,911	8,896	8,889	8,892	8,898
% Ch	0.3%	-0.9%	-2.2%	0.4%	0.1%	-0.5%	-1.0%	-0.7%	-0.6%	-0.3%	0.1%	0.3%
<b>LOGGING &amp; WOOD PRODUCTS</b>												
Idaho	9,442	9,526	9,487	9,468	9,479	9,344	9,209	9,077	8,946	8,821	8,661	8,605
% Ch	3.2%	3.6%	-1.6%	-0.8%	0.5%	-5.6%	-5.7%	-5.6%	-5.6%	-5.4%	-7.1%	-2.5%
National (Thousands)	627	636	640	644	641	633	621	609	597	584	573	567
% Ch	5.1%	5.8%	2.3%	2.5%	-1.8%	-4.9%	-7.3%	-7.8%	-7.5%	-8.5%	-7.1%	-4.3%
<b>METAL FABRICATION</b>												
Idaho	3,818	3,814	3,816	3,833	3,854	3,875	3,901	3,927	3,950	3,974	3,994	4,010
% Ch	-1.1%	-0.5%	0.2%	1.9%	2.1%	2.2%	2.7%	2.7%	2.4%	2.4%	2.1%	1.6%
National (Thousands)	1,534	1,539	1,542	1,558	1,573	1,587	1,598	1,610	1,623	1,634	1,646	1,653
% Ch	1.6%	1.3%	0.8%	4.2%	4.0%	3.4%	2.9%	3.1%	3.1%	2.9%	2.9%	1.9%
<b>MACHINERY</b>												
Idaho	2,624	2,635	2,649	2,673	2,695	2,714	2,730	2,739	2,741	2,739	2,737	2,737
% Ch	0.2%	1.8%	2.2%	3.5%	3.3%	3.0%	2.3%	1.3%	0.3%	-0.3%	-0.3%	0.0%
National (Thousands)	1,169	1,171	1,169	1,179	1,185	1,189	1,187	1,183	1,178	1,174	1,171	1,169
% Ch	0.6%	0.7%	-0.5%	3.3%	2.1%	1.3%	-0.6%	-1.4%	-1.5%	-1.5%	-0.9%	-0.6%
<b>COMPUTER &amp; ELECTRONICS</b>												
Idaho	16,635	16,621	16,599	16,464	16,617	16,763	17,001	17,286	17,401	17,593	17,740	17,921
% Ch	-1.3%	-0.3%	-0.5%	-3.2%	3.8%	3.6%	5.8%	6.9%	2.7%	4.5%	3.4%	4.2%
National (Thousands)	1,319	1,298	1,271	1,237	1,220	1,207	1,199	1,195	1,185	1,179	1,173	1,170
% Ch	-4.2%	-6.2%	-8.1%	-10.3%	-5.2%	-4.4%	-2.4%	-1.4%	-3.3%	-2.1%	-2.0%	-1.1%
<b>OTHER DURABLES</b>												
Idaho	9,303	9,393	9,456	9,501	9,517	9,519	9,525	9,542	9,573	9,616	9,664	9,714
% Ch	1.7%	3.9%	2.7%	1.9%	0.7%	0.1%	0.2%	0.7%	1.3%	1.8%	2.0%	2.1%
National (Thousands)	4,368	4,354	4,325	4,339	4,339	4,333	4,320	4,314	4,313	4,318	4,329	4,338
% Ch	0.5%	-1.3%	-2.6%	1.3%	0.0%	-0.5%	-1.1%	-0.6%	0.0%	0.5%	1.0%	0.9%

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**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**OCTOBER 2005**  
**EMPLOYMENT**

**MANUFACTURING (continued)**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>NONDURABLE MANUFACTURING</b>												
Idaho	24,327	24,042	23,902	23,373	23,217	23,074	22,913	23,317	23,276	23,249	23,037	22,910
% Ch	0.6%	-4.6%	-2.3%	-8.6%	-2.6%	-2.4%	-2.7%	7.2%	-0.7%	-0.5%	-3.6%	-2.2%
National (Thousands)	5,648	5,572	5,506	5,459	5,421	5,419	5,404	5,381	5,361	5,338	5,326	5,330
% Ch	-3.4%	-5.3%	-4.6%	-3.4%	-2.7%	-0.2%	-1.1%	-1.6%	-1.5%	-1.7%	-0.9%	0.3%
<b>FOOD PROCESSING</b>												
Idaho	16,156	15,963	15,951	15,528	15,207	14,991	14,749	15,044	15,010	15,016	14,822	14,689
% Ch	-1.8%	-4.7%	-0.3%	-10.2%	-8.0%	-5.6%	-6.3%	8.3%	-0.9%	0.2%	-5.1%	-3.6%
National (Thousands)	1,522	1,516	1,518	1,512	1,499	1,500	1,499	1,495	1,494	1,490	1,488	1,503
% Ch	0.7%	-1.7%	0.5%	-1.6%	-3.3%	0.4%	-0.4%	-0.9%	-0.3%	-1.2%	-0.4%	3.9%
<b>PRINTING</b>												
Idaho	2,112	2,083	1,994	1,930	1,910	1,906	1,947	1,922	1,910	1,904	1,900	1,895
% Ch	13.7%	-5.4%	-16.0%	-12.3%	-4.1%	-0.8%	8.9%	-5.1%	-2.6%	-1.2%	-1.0%	-0.9%
National (Thousands)	686	683	679	673	668	667	664	661	659	657	653	657
% Ch	-2.1%	-2.0%	-2.5%	-3.2%	-3.2%	-0.4%	-2.1%	-1.5%	-1.1%	-1.4%	-2.5%	2.7%
<b>CHEMICALS</b>												
Idaho	1,856	1,823	1,829	1,813	1,847	1,878	1,897	1,887	1,957	1,932	1,927	1,907
% Ch	-8.8%	-7.0%	1.4%	-3.5%	7.6%	6.9%	4.0%	-2.1%	15.7%	-5.0%	-0.9%	-4.1%
National (Thousands)	919	909	903	894	889	890	886	882	877	878	879	863
% Ch	-1.0%	-4.2%	-2.9%	-4.0%	-2.0%	0.2%	-1.4%	-1.7%	-2.5%	0.5%	0.3%	-7.0%
<b>OTHER NONDURABLES</b>												
Idaho	4,202	4,173	4,128	4,101	4,253	4,299	4,321	4,464	4,400	4,397	4,388	4,419
% Ch	8.6%	-2.7%	-4.2%	-2.6%	15.6%	4.4%	2.1%	13.9%	-5.6%	-0.3%	-0.8%	2.9%
National (Thousands)	2,520	2,464	2,407	2,380	2,365	2,362	2,355	2,343	2,330	2,314	2,306	2,307
% Ch	-7.0%	-8.7%	-8.9%	-4.4%	-2.5%	-0.6%	-1.1%	-2.1%	-2.1%	-2.8%	-1.3%	0.1%
<b>MINING</b>												
Idaho	1,744	1,775	1,832	1,786	1,802	1,938	1,993	1,990	2,014	1,942	2,085	2,130
% Ch	-2.0%	7.2%	13.6%	-9.8%	3.7%	33.6%	11.9%	-0.6%	4.9%	-13.5%	32.8%	9.0%
National (Thousands)	503	501	501	505	511	522	528	532	545	560	565	564
% Ch	-1.9%	-2.2%	0.6%	3.0%	4.7%	9.1%	4.9%	2.4%	10.1%	12.0%	3.5%	-0.4%
<b>CONSTRUCTION</b>												
Idaho	36,668	36,113	36,612	37,487	38,600	39,676	39,909	41,081	43,789	45,497	45,857	45,578
% Ch	-4.3%	-5.9%	5.6%	9.9%	12.4%	11.6%	2.4%	12.3%	29.1%	16.5%	3.2%	-2.4%
National (Thousands)	6,675	6,703	6,753	6,797	6,861	6,939	6,983	7,063	7,127	7,217	7,263	7,325
% Ch	-1.2%	1.7%	3.0%	2.6%	3.8%	4.6%	2.5%	4.7%	3.7%	5.1%	2.6%	3.5%
<b>NONGOODS PRODUCING</b>												
Idaho	468,601	468,374	470,094	473,520	476,128	481,509	485,023	487,584	494,053	495,708	498,369	501,200
% Ch	1.5%	-0.2%	1.5%	2.9%	2.2%	4.6%	3.0%	2.1%	5.4%	1.3%	2.2%	2.3%
National (Thousands)	108,057	108,017	108,190	108,483	108,816	109,457	109,799	110,302	110,759	111,295	111,755	112,132
% Ch	0.2%	-0.1%	0.6%	1.1%	1.2%	2.4%	1.3%	1.8%	1.7%	1.9%	1.7%	1.4%
<b>SERVICES</b>												
Idaho	258,423	258,517	260,521	262,578	264,694	268,547	270,096	272,540	276,918	278,390	280,317	282,405
% Ch	2.0%	0.1%	3.1%	3.2%	3.3%	6.0%	2.3%	3.7%	6.6%	2.1%	2.8%	3.0%
National (Thousands)	65,876	65,908	66,112	66,399	66,653	67,168	67,455	67,849	68,233	68,646	68,959	69,321
% Ch	0.4%	0.2%	1.2%	1.7%	1.5%	3.1%	1.7%	2.4%	2.3%	2.4%	1.8%	2.1%
<b>INFORMATION</b>												
Idaho	9,190	9,174	9,095	9,270	9,386	9,696	10,221	10,443	10,869	11,012	11,115	11,213
% Ch	1.4%	-0.7%	-3.4%	7.9%	5.1%	13.9%	23.5%	8.9%	17.3%	5.4%	3.8%	3.5%
National (Thousands)	3,240	3,194	3,167	3,151	3,139	3,146	3,135	3,130	3,128	3,148	3,147	3,155
% Ch	-9.1%	-5.6%	-3.3%	-2.0%	-1.5%	0.9%	-1.4%	-0.6%	-0.3%	2.6%	-0.1%	1.0%
<b>FINANCIAL ACTIVITIES</b>												
Idaho	26,539	26,834	27,153	27,256	27,472	27,772	27,977	28,532	28,858	29,067	29,291	29,493
% Ch	6.1%	4.5%	4.8%	1.5%	3.2%	4.4%	3.0%	8.2%	4.7%	2.9%	3.1%	2.8%
National (Thousands)	7,933	7,980	8,000	7,989	7,997	8,036	8,061	8,109	8,161	8,193	8,238	8,261
% Ch	2.1%	2.4%	1.0%	-0.6%	0.4%	2.0%	1.3%	2.4%	2.6%	1.6%	2.2%	1.1%

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**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**OCTOBER 2005**  
**EMPLOYMENT**

**MANUFACTURING (continued)**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>NONDURABLE MANUFACTURING</b>												
Idaho	22,822	22,745	22,714	22,786	22,817	22,871	22,897	22,909	22,927	22,958	22,984	23,006
% Ch	-1.5%	-1.3%	-0.5%	1.3%	0.6%	0.9%	0.5%	0.2%	0.3%	0.5%	0.4%	0.4%
National (Thousands)	5,297	5,241	5,198	5,176	5,170	5,171	5,171	5,170	5,169	5,161	5,152	5,141
% Ch	-2.4%	-4.2%	-3.2%	-1.7%	-0.4%	0.1%	0.0%	-0.1%	-0.1%	-0.7%	-0.7%	-0.8%
<b>FOOD PROCESSING</b>												
Idaho	14,608	14,526	14,478	14,528	14,527	14,558	14,582	14,592	14,605	14,624	14,637	14,644
% Ch	-2.2%	-2.2%	-1.3%	1.4%	0.0%	0.9%	0.7%	0.3%	0.4%	0.5%	0.4%	0.2%
National (Thousands)	1,497	1,483	1,473	1,471	1,475	1,482	1,489	1,494	1,500	1,504	1,507	1,510
% Ch	-1.6%	-3.6%	-2.7%	-0.6%	1.2%	1.9%	1.7%	1.4%	1.6%	1.1%	0.9%	0.8%
<b>PRINTING</b>												
Idaho	1,889	1,885	1,882	1,879	1,875	1,871	1,868	1,865	1,862	1,859	1,856	1,853
% Ch	-1.2%	-0.9%	-0.7%	-0.7%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%
National (Thousands)	654	649	644	643	643	646	647	649	651	651	652	652
% Ch	-1.7%	-3.4%	-2.7%	-1.0%	0.5%	1.3%	1.1%	1.0%	1.1%	0.5%	0.4%	0.2%
<b>CHEMICALS</b>												
Idaho	1,865	1,831	1,812	1,804	1,818	1,821	1,808	1,793	1,779	1,765	1,753	1,742
% Ch	-8.6%	-7.0%	-4.2%	-1.7%	3.2%	0.6%	-2.9%	-3.1%	-3.1%	-3.0%	-2.8%	-2.5%
National (Thousands)	866	863	864	864	863	861	858	857	855	851	848	845
% Ch	1.2%	-1.1%	0.1%	0.0%	-0.2%	-1.1%	-1.1%	-0.8%	-0.8%	-1.6%	-1.4%	-1.5%
<b>OTHER NONDURABLES</b>												
Idaho	4,460	4,502	4,543	4,575	4,597	4,620	4,639	4,660	4,682	4,711	4,738	4,767
% Ch	3.8%	3.8%	3.7%	2.9%	1.9%	2.0%	1.6%	1.8%	1.9%	2.5%	2.4%	2.5%
National (Thousands)	2,281	2,246	2,217	2,199	2,188	2,183	2,177	2,170	2,164	2,154	2,144	2,134
% Ch	-4.4%	-6.0%	-5.0%	-3.2%	-1.9%	-1.0%	-1.1%	-1.1%	-1.2%	-1.8%	-1.9%	-1.9%
<b>MINING</b>												
Idaho	2,115	2,123	2,056	2,004	1,918	1,854	1,766	1,685	1,615	1,547	1,482	1,418
% Ch	-2.7%	1.5%	-12.1%	-9.6%	-16.1%	-12.8%	-17.7%	-17.1%	-15.6%	-15.8%	-15.9%	-16.0%
National (Thousands)	573	590	595	596	585	573	557	545	535	524	516	509
% Ch	6.2%	12.5%	3.6%	0.2%	-6.8%	-8.3%	-10.7%	-8.3%	-7.2%	-7.6%	-6.3%	-5.4%
<b>CONSTRUCTION</b>												
Idaho	45,213	44,538	43,708	42,934	42,551	42,365	42,249	42,241	42,239	42,221	42,163	42,041
% Ch	-3.2%	-5.8%	-7.2%	-6.9%	-3.5%	-1.7%	-1.1%	-0.1%	0.0%	-0.2%	-0.5%	-1.2%
National (Thousands)	7,400	7,438	7,408	7,384	7,398	7,466	7,531	7,595	7,599	7,607	7,619	7,638
% Ch	4.1%	2.1%	-1.6%	-1.3%	0.8%	3.7%	3.5%	3.5%	0.2%	0.4%	0.6%	1.0%
<b>NONGOODS PRODUCING</b>												
Idaho	504,368	507,862	511,617	515,122	518,579	522,023	525,465	528,845	532,345	535,680	538,877	542,129
% Ch	2.6%	2.8%	3.0%	2.8%	2.7%	2.7%	2.6%	2.6%	2.7%	2.5%	2.4%	2.4%
National (Thousands)	112,649	113,216	113,764	114,257	114,691	115,120	115,543	116,001	116,468	116,924	117,300	117,607
% Ch	1.9%	2.0%	2.0%	1.7%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%	1.3%	1.1%
<b>SERVICES</b>												
Idaho	284,710	287,321	290,017	292,521	294,976	297,438	299,910	302,336	304,833	307,213	309,512	311,854
% Ch	3.3%	3.7%	3.8%	3.5%	3.4%	3.4%	3.4%	3.3%	3.3%	3.2%	3.0%	3.1%
National (Thousands)	69,629	70,078	70,499	70,849	71,184	71,498	71,826	72,205	72,618	72,985	73,326	73,607
% Ch	1.8%	2.6%	2.4%	2.0%	1.9%	1.8%	1.8%	2.1%	2.3%	2.0%	1.9%	1.5%
<b>INFORMATION</b>												
Idaho	11,299	11,373	11,446	11,508	11,575	11,631	11,690	11,751	11,812	11,874	11,935	11,995
% Ch	3.1%	2.6%	2.6%	2.2%	2.3%	1.9%	2.0%	2.1%	2.1%	2.1%	2.1%	2.0%
National (Thousands)	3,135	3,148	3,188	3,219	3,232	3,247	3,259	3,272	3,285	3,292	3,299	3,314
% Ch	-2.5%	1.6%	5.2%	3.9%	1.6%	2.0%	1.4%	1.5%	1.6%	0.8%	0.9%	1.8%
<b>FINANCIAL ACTIVITIES</b>												
Idaho	29,687	29,870	30,045	30,216	30,386	30,555	30,721	30,884	31,044	31,200	31,352	31,498
% Ch	2.7%	2.5%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%	1.9%
National (Thousands)	8,234	8,211	8,206	8,206	8,235	8,241	8,236	8,258	8,285	8,305	8,320	8,332
% Ch	-1.3%	-1.1%	-0.3%	0.0%	1.4%	0.3%	-0.2%	1.1%	1.3%	1.0%	0.7%	0.6%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**EMPLOYMENT**

<b>SERVICES (Continued)</b>												
	<b>2003</b>				<b>2004</b>				<b>2005</b>			
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>TRANS., WAREHOUSING, UTILITIES</b>												
Idaho	19,003	18,608	18,721	18,709	18,927	19,098	18,879	18,868	18,966	18,967	19,031	19,088
% Ch	5.5%	-8.1%	2.4%	-0.3%	4.7%	3.7%	-4.5%	-0.2%	2.1%	0.0%	1.4%	1.2%
National (Thousands)	4,793	4,761	4,742	4,753	4,777	4,808	4,835	4,856	4,901	4,934	4,940	4,956
% Ch	-1.8%	-2.6%	-1.6%	0.9%	2.1%	2.6%	2.2%	1.8%	3.7%	2.8%	0.5%	1.3%
<b>PROFESSIONAL &amp; BUSINESS</b>												
Idaho	70,029	69,660	69,789	70,501	71,383	73,125	73,759	74,259	75,859	76,254	76,639	77,205
% Ch	-2.0%	-2.1%	0.7%	4.1%	5.1%	10.1%	3.5%	2.7%	8.9%	2.1%	2.0%	3.0%
National (Thousands)	15,915	15,913	16,012	16,100	16,158	16,368	16,479	16,633	16,755	16,867	16,948	17,115
% Ch	-0.1%	-0.1%	2.5%	2.2%	1.4%	5.3%	2.7%	3.8%	3.0%	2.7%	1.9%	4.0%
<b>EDUCATION &amp; HEALTH</b>												
Idaho	61,487	62,162	63,027	63,542	63,891	65,037	65,630	66,319	67,345	67,783	68,270	68,817
% Ch	5.0%	4.5%	5.7%	3.3%	2.2%	7.4%	3.7%	4.3%	6.3%	2.6%	2.9%	3.2%
National (Thousands)	16,458	16,566	16,609	16,716	16,795	16,907	16,997	17,110	17,191	17,289	17,400	17,464
% Ch	2.2%	2.7%	1.0%	2.6%	1.9%	2.7%	2.2%	2.7%	1.9%	2.3%	2.6%	1.5%
<b>LEISURE &amp; HOSPITALITY</b>												
Idaho	54,086	53,998	54,548	54,985	55,536	55,498	55,293	55,794	56,705	57,000	57,529	58,058
% Ch	0.9%	-0.6%	4.1%	3.2%	4.1%	-0.3%	-1.5%	3.7%	6.7%	2.1%	3.8%	3.7%
National (Thousands)	12,137	12,095	12,182	12,288	12,377	12,468	12,509	12,569	12,641	12,741	12,809	12,882
% Ch	1.4%	-1.4%	2.9%	3.5%	2.9%	3.0%	1.3%	1.9%	2.3%	3.2%	2.1%	2.3%
<b>OTHER SERVICES</b>												
Idaho	18,089	18,082	18,188	18,314	18,099	18,322	18,337	18,326	18,315	18,308	18,443	18,531
% Ch	2.4%	-0.2%	2.4%	2.8%	-4.6%	5.0%	0.3%	-0.2%	-0.2%	-0.2%	3.0%	1.9%
National (Thousands)	5,401	5,399	5,399	5,401	5,409	5,435	5,438	5,441	5,456	5,473	5,475	5,487
% Ch	0.3%	-0.1%	0.0%	0.1%	0.6%	1.9%	0.2%	0.2%	1.1%	1.3%	0.2%	0.9%
<b>TRADE</b>												
Idaho	97,423	96,924	96,645	97,465	97,837	98,885	99,584	100,186	102,005	102,565	103,160	103,716
% Ch	0.9%	-2.0%	-1.1%	3.4%	1.5%	4.4%	2.9%	2.4%	7.5%	2.2%	2.3%	2.2%
National (Thousands)	20,556	20,518	20,508	20,531	20,608	20,701	20,708	20,751	20,802	20,896	20,982	20,943
% Ch	-1.1%	-0.7%	-0.2%	0.4%	1.5%	1.8%	0.1%	0.8%	1.0%	1.8%	1.7%	-0.7%
<b>RETAIL TRADE</b>												
Idaho	72,770	72,217	72,463	73,017	72,953	73,760	73,736	74,408	75,660	76,145	76,622	77,070
% Ch	3.1%	-3.0%	1.4%	3.1%	-0.3%	4.5%	-0.1%	3.7%	6.9%	2.6%	2.5%	2.4%
National (Thousands)	14,929	14,902	14,916	14,935	14,987	15,050	15,043	15,072	15,112	15,180	15,250	15,223
% Ch	-1.2%	-0.7%	0.4%	0.5%	1.4%	1.7%	-0.2%	0.8%	1.1%	1.8%	1.9%	-0.7%
<b>WHOLESALE TRADE</b>												
Idaho	24,652	24,707	24,182	24,447	24,884	25,126	25,848	25,778	26,345	26,421	26,539	26,647
% Ch	-5.2%	0.9%	-8.2%	4.5%	7.3%	3.9%	12.0%	-1.1%	9.1%	1.2%	1.8%	1.6%
National (Thousands)	5,626	5,616	5,592	5,597	5,621	5,651	5,665	5,679	5,690	5,716	5,732	5,720
% Ch	-0.7%	-0.7%	-1.7%	0.3%	1.7%	2.2%	1.0%	1.0%	0.8%	1.8%	1.1%	-0.8%
<b>STATE &amp; LOCAL GOVERNMENT</b>												
Idaho	98,974	99,227	99,298	100,105	100,326	100,781	101,905	101,619	101,862	101,534	101,690	101,852
% Ch	1.3%	1.0%	0.3%	3.3%	0.9%	1.8%	4.5%	-1.1%	1.0%	-1.3%	0.6%	0.6%
National (Thousands)	18,836	18,822	18,814	18,818	18,825	18,853	18,907	18,983	19,004	19,033	19,095	19,141
% Ch	0.7%	-0.3%	-0.2%	0.1%	0.2%	0.6%	1.2%	1.6%	0.5%	0.6%	1.3%	1.0%
<b>EDUCATION</b>												
Idaho	49,840	49,875	49,452	50,499	50,331	50,502	51,534	50,947	51,420	50,936	51,090	51,229
% Ch	2.3%	0.3%	-3.3%	8.7%	-1.3%	1.4%	8.4%	-4.5%	3.8%	-3.7%	1.2%	1.1%
<b>NONEDUCATION</b>												
Idaho	49,134	49,352	49,845	49,606	49,996	50,279	50,371	50,672	50,443	50,598	50,600	50,623
% Ch	0.2%	1.8%	4.1%	-1.9%	3.2%	2.3%	0.7%	2.4%	-1.8%	1.2%	0.0%	0.2%
<b>FEDERAL GOVERNMENT</b>												
Idaho	13,782	13,706	13,631	13,372	13,271	13,296	13,437	13,238	13,268	13,218	13,201	13,227
% Ch	-3.7%	-2.2%	-2.2%	-7.4%	-3.0%	0.8%	4.3%	-5.8%	0.9%	-1.5%	-0.5%	0.8%
National (Thousands)	2,790	2,770	2,755	2,736	2,730	2,735	2,729	2,719	2,720	2,720	2,719	2,726
% Ch	1.3%	-2.9%	-2.1%	-2.8%	-0.8%	0.7%	-0.9%	-1.4%	0.2%	-0.1%	-0.1%	1.0%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**EMPLOYMENT**

SERVICES (Continued)	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>TRANS., WAREHOUSING, UTILITIES</b>												
Idaho	19,174	19,269	19,401	19,524	19,648	19,762	19,866	19,966	20,073	20,179	20,282	20,387
% Ch	1.8%	2.0%	2.8%	2.6%	2.6%	2.3%	2.1%	2.0%	2.2%	2.1%	2.1%	2.1%
National (Thousands)	4,997	5,043	5,084	5,103	5,117	5,134	5,159	5,195	5,237	5,268	5,297	5,320
% Ch	3.3%	3.8%	3.3%	1.5%	1.1%	1.4%	1.9%	2.8%	3.2%	2.4%	2.2%	1.8%
<b>PROFESSIONAL &amp; BUSINESS</b>												
Idaho	77,867	78,790	79,736	80,581	81,445	82,321	83,207	84,064	84,950	85,754	86,509	87,283
% Ch	3.5%	4.8%	4.9%	4.3%	4.4%	4.4%	4.4%	4.2%	4.3%	3.8%	3.6%	3.6%
National (Thousands)	17,307	17,501	17,648	17,770	17,920	18,108	18,308	18,519	18,712	18,881	19,033	19,159
% Ch	4.6%	4.6%	3.4%	2.8%	3.4%	4.3%	4.5%	4.7%	4.2%	3.6%	3.3%	2.7%
<b>EDUCATION &amp; HEALTH</b>												
Idaho	69,420	70,085	70,754	71,361	71,929	72,518	73,109	73,690	74,303	74,886	75,455	76,052
% Ch	3.6%	3.9%	3.9%	3.5%	3.2%	3.3%	3.3%	3.2%	3.4%	3.2%	3.1%	3.2%
National (Thousands)	17,523	17,623	17,710	17,785	17,844	17,902	17,951	18,034	18,111	18,172	18,215	18,243
% Ch	1.4%	2.3%	2.0%	1.7%	1.3%	1.3%	1.1%	1.9%	1.7%	1.4%	1.0%	0.6%
<b>LEISURE &amp; HOSPITALITY</b>												
Idaho	58,588	59,117	59,646	60,176	60,705	61,235	61,764	62,293	62,823	63,352	63,882	64,411
% Ch	3.7%	3.7%	3.6%	3.6%	3.6%	3.5%	3.5%	3.5%	3.4%	3.4%	3.4%	3.4%
National (Thousands)	12,936	13,039	13,128	13,205	13,255	13,268	13,297	13,289	13,324	13,383	13,455	13,509
% Ch	1.7%	3.2%	2.7%	2.4%	1.5%	0.4%	0.9%	-0.2%	1.1%	1.8%	2.2%	1.6%
<b>OTHER SERVICES</b>												
Idaho	18,675	18,816	18,989	19,154	19,288	19,417	19,554	19,687	19,828	19,969	20,097	20,229
% Ch	3.1%	3.0%	3.7%	3.5%	2.8%	2.7%	2.8%	2.8%	2.9%	2.9%	2.6%	2.7%
National (Thousands)	5,496	5,512	5,535	5,562	5,581	5,596	5,616	5,638	5,664	5,684	5,707	5,730
% Ch	0.7%	1.1%	1.7%	1.9%	1.4%	1.1%	1.4%	1.6%	1.8%	1.4%	1.6%	1.6%
<b>TRADE</b>												
Idaho	104,418	105,159	106,080	106,959	107,841	108,676	109,462	110,233	111,032	111,827	112,609	113,400
% Ch	2.7%	2.9%	3.5%	3.4%	3.3%	3.1%	2.9%	2.8%	2.9%	2.9%	2.8%	2.8%
National (Thousands)	21,047	21,118	21,212	21,292	21,340	21,420	21,495	21,564	21,603	21,638	21,645	21,671
% Ch	2.0%	1.4%	1.8%	1.5%	0.9%	1.5%	1.4%	1.3%	0.7%	0.7%	0.1%	0.5%
<b>RETAIL TRADE</b>												
Idaho	77,627	78,215	78,939	79,631	80,325	80,983	81,606	82,216	82,847	83,476	84,095	84,720
% Ch	2.9%	3.1%	3.8%	3.6%	3.5%	3.3%	3.1%	3.0%	3.1%	3.1%	3.0%	3.0%
National (Thousands)	15,278	15,300	15,372	15,454	15,506	15,585	15,655	15,708	15,731	15,757	15,760	15,786
% Ch	1.4%	0.6%	1.9%	2.2%	1.3%	2.0%	1.8%	1.4%	0.6%	0.7%	0.1%	0.7%
<b>WHOLESALE TRADE</b>												
Idaho	26,791	26,944	27,141	27,328	27,516	27,692	27,857	28,017	28,185	28,351	28,515	28,680
% Ch	2.2%	2.3%	3.0%	2.8%	2.8%	2.6%	2.4%	2.3%	2.4%	2.4%	2.3%	2.3%
National (Thousands)	5,769	5,818	5,841	5,837	5,833	5,835	5,840	5,856	5,872	5,881	5,886	5,885
% Ch	3.4%	3.5%	1.5%	-0.2%	-0.3%	0.1%	0.3%	1.1%	1.1%	0.6%	0.3%	0.0%
<b>STATE &amp; LOCAL GOVERNMENT</b>												
Idaho	102,020	102,180	102,333	102,470	102,604	102,763	102,958	103,152	103,367	103,538	103,666	103,796
% Ch	0.7%	0.6%	0.6%	0.5%	0.5%	0.6%	0.8%	0.8%	0.8%	0.7%	0.5%	0.5%
National (Thousands)	19,246	19,294	19,327	19,390	19,442	19,476	19,495	19,504	19,519	19,573	19,600	19,599
% Ch	2.2%	1.0%	0.7%	1.3%	1.1%	0.7%	0.4%	0.2%	0.3%	1.1%	0.6%	0.0%
<b>EDUCATION</b>												
Idaho	51,388	51,555	51,724	51,885	52,048	52,215	52,378	52,543	52,719	52,864	52,971	53,085
% Ch	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.1%	0.8%	0.9%
<b>NONEDUCATION</b>												
Idaho	50,631	50,625	50,609	50,584	50,556	50,548	50,580	50,609	50,648	50,674	50,694	50,711
% Ch	0.1%	-0.1%	-0.1%	-0.2%	-0.2%	-0.1%	0.3%	0.2%	0.3%	0.2%	0.2%	0.1%
<b>FEDERAL GOVERNMENT</b>												
Idaho	13,219	13,201	13,187	13,172	13,158	13,147	13,135	13,124	13,113	13,102	13,090	13,078
% Ch	-0.2%	-0.6%	-0.4%	-0.4%	-0.4%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%
National (Thousands)	2,727	2,726	2,726	2,726	2,726	2,726	2,727	2,727	2,728	2,728	2,728	2,729
% Ch	0.2%	-0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**MISCELLANEOUS**

	Q1	2003 Q2	Q3	Q4	Q1	2004 Q2	Q3	Q4	Q1	2005 Q2	Q3	Q4
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>												
<b>Gross Domestic Product</b>	105.724	106.019	106.500	106.996	107.951	108.976	109.371	110.111	110.950	111.618	112.384	113.141
% Ch	3.1%	1.1%	1.8%	1.9%	3.6%	3.9%	1.5%	2.7%	3.1%	2.4%	2.8%	2.7%
<b>Consumption Expenditures</b>	105.051	105.220	105.734	106.076	107.084	108.089	108.484	109.326	109.936	110.803	111.921	112.819
% Ch	3.0%	0.6%	2.0%	1.3%	3.9%	3.8%	1.5%	3.1%	2.3%	3.2%	4.1%	3.2%
<b>Durable Goods</b>	93.906	92.879	91.833	90.868	90.898	90.866	90.310	90.449	90.648	90.527	90.075	90.089
% Ch	-4.3%	-4.3%	-4.4%	-4.1%	0.1%	-0.1%	-2.4%	0.6%	0.9%	-0.5%	-2.0%	0.1%
<b>Nondurable Goods</b>	104.179	103.560	104.356	104.509	106.031	107.744	107.781	108.982	109.327	110.852	113.211	114.047
% Ch	5.6%	-2.4%	3.1%	0.6%	6.0%	6.6%	0.1%	4.5%	1.3%	5.7%	8.8%	3.0%
<b>Services</b>	108.036	108.887	109.647	110.414	111.402	112.303	113.120	113.955	114.803	115.581	116.463	117.620
% Ch	3.4%	3.2%	2.8%	2.8%	3.6%	3.3%	2.9%	3.0%	3.0%	2.7%	3.1%	4.0%
<b>Consumer Price Index</b>	1.832	1.834	1.844	1.848	1.866	1.886	1.894	1.910	1.922	1.941	1.968	1.987
% Ch	4.2%	0.4%	2.2%	0.9%	3.9%	4.4%	1.6%	3.6%	2.4%	4.2%	5.7%	3.8%

**SELECTED INTEREST RATES**

<b>Federal Funds</b>	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%	1.4%	2.0%	2.5%	2.9%	3.4%	3.5%
<b>NY Fed Discount</b>	2.1%	2.2%	2.0%	2.0%	2.0%	2.0%	2.4%	2.9%	3.4%	3.9%	4.4%	4.5%
<b>Prime</b>	4.3%	4.2%	4.0%	4.0%	4.0%	4.0%	4.4%	4.9%	5.4%	5.9%	6.4%	6.5%
<b>Existing Home Mortgage</b>	5.9%	5.6%	5.7%	5.8%	5.6%	5.7%	5.8%	5.7%	5.8%	5.8%	5.8%	5.9%
<b>U.S. Govt. 3-Month Bills</b>	1.2%	1.0%	0.9%	0.9%	0.9%	1.1%	1.5%	2.0%	2.5%	2.9%	3.4%	3.5%
<b>U.S. Govt. 6-Month Bills</b>	1.2%	1.1%	1.0%	1.0%	1.0%	1.3%	1.7%	2.2%	2.8%	3.1%	3.6%	3.7%
<b>U.S. Govt. 5-Year Notes</b>	2.9%	2.6%	3.1%	3.3%	3.0%	3.7%	3.5%	3.5%	3.9%	3.9%	4.0%	4.1%
<b>U.S. Govt. 10-Year Notes</b>	3.9%	3.6%	4.2%	4.3%	4.0%	4.6%	4.3%	4.2%	4.3%	4.2%	4.2%	4.2%

**SELECTED US PRODUCTION INDICES**

<b>Wood Products</b>	99.9	98.9	100.8	104.0	104.0	105.2	104.6	104.8	103.0	101.1	101.6	103.0
% Ch	-3.3%	-4.0%	8.1%	13.0%	-0.1%	4.8%	-2.2%	0.9%	-6.7%	-7.2%	2.1%	5.5%
<b>Computers &amp; Electronic Products</b>	240.4	245.7	255.9	264.1	271.8	284.1	295.5	304.2	320.1	330.0	345.5	355.3
% Ch	17.9%	9.1%	17.6%	13.6%	12.1%	19.4%	16.9%	12.3%	22.6%	13.1%	20.1%	11.7%
<b>Food</b>	109.3	109.5	109.5	109.9	110.4	111.4	111.8	112.5	113.3	113.3	114.1	114.7
% Ch	-0.2%	0.7%	0.0%	1.4%	1.9%	3.6%	1.4%	2.6%	3.0%	-0.1%	3.0%	1.9%
<b>Agricultural Chemicals</b>	81.7	82.7	79.8	79.7	81.3	80.7	81.5	81.4	81.6	81.9	79.4	74.7
% Ch	-1.7%	4.7%	-13.1%	-0.3%	7.9%	-2.6%	3.7%	-0.5%	1.3%	1.2%	-11.5%	-21.9%
<b>Metal Ore Mining</b>	73.0	69.3	71.5	67.8	69.1	70.8	72.9	75.7	78.1	79.4	77.6	78.4
% Ch	-13.1%	-18.9%	13.3%	-19.0%	7.7%	10.3%	12.6%	16.1%	13.1%	6.7%	-8.7%	4.2%



**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
OCTOBER 2005**

**MISCELLANEOUS**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>												
<b>Gross Domestic Product</b>	113.808	114.196	114.744	115.331	116.004	116.562	117.101	117.674	118.370	118.980	119.593	120.202
% Ch	2.4%	1.4%	1.9%	2.1%	2.4%	1.9%	1.9%	2.0%	2.4%	2.1%	2.1%	2.1%
<b>Consumption Expenditures</b>	113.320	113.543	114.028	114.543	115.065	115.581	116.094	116.639	117.256	117.855	118.489	119.132
% Ch	1.8%	0.8%	1.7%	1.8%	1.8%	1.8%	1.8%	1.9%	2.1%	2.1%	2.2%	2.2%
<b>Durable Goods</b>	90.074	90.103	90.064	89.989	89.933	89.871	89.803	89.741	89.673	89.596	89.511	89.418
% Ch	-0.1%	0.1%	-0.2%	-0.3%	-0.2%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%	-0.4%
<b>Nondurable Goods</b>	113.898	113.058	113.112	113.300	113.553	113.758	113.937	114.153	114.553	114.899	115.325	115.797
% Ch	-0.5%	-2.9%	0.2%	0.7%	0.9%	0.7%	0.6%	0.8%	1.4%	1.2%	1.5%	1.6%
<b>Services</b>	118.587	119.411	120.252	121.087	121.897	122.723	123.560	124.433	125.339	126.245	127.175	128.100
% Ch	3.3%	2.8%	2.8%	2.8%	2.7%	2.7%	2.8%	2.9%	2.9%	2.9%	3.0%	2.9%
<b>Consumer Price Index</b>	1.995	1.995	2.002	2.010	2.018	2.026	2.034	2.042	2.052	2.062	2.073	2.084
% Ch	1.6%	0.1%	1.4%	1.5%	1.6%	1.6%	1.6%	1.7%	2.0%	1.9%	2.1%	2.1%
<b>SELECTED INTEREST RATES</b>												
<b>Federal Funds</b>	3.9%	4.4%	4.5%	4.5%	4.5%	4.5%	4.7%	4.8%	4.8%	4.8%	4.8%	5.0%
<b>NY Fed Discount</b>	4.9%	5.4%	5.5%	5.5%	5.5%	5.5%	5.7%	5.8%	5.8%	5.8%	5.8%	6.0%
<b>Prime</b>	6.9%	7.4%	7.5%	7.5%	7.5%	7.5%	7.7%	7.8%	7.8%	7.8%	7.8%	8.0%
<b>Existing Home Mortgage</b>	6.0%	6.3%	6.5%	6.6%	6.6%	6.7%	6.8%	6.8%	6.9%	6.9%	7.0%	7.1%
<b>U.S. Govt. 3-Month Bills</b>	3.9%	4.2%	4.4%	4.4%	4.4%	4.4%	4.5%	4.6%	4.6%	4.6%	4.7%	4.8%
<b>U.S. Govt. 6-Month Bills</b>	4.0%	4.4%	4.5%	4.5%	4.5%	4.6%	4.7%	4.7%	4.7%	4.7%	4.8%	5.0%
<b>U.S. Govt. 5-Year Notes</b>	4.4%	4.8%	4.9%	5.0%	5.0%	5.1%	5.1%	5.2%	5.2%	5.2%	5.3%	5.5%
<b>U.S. Govt. 10-Year Notes</b>	4.5%	4.9%	5.0%	5.0%	5.1%	5.2%	5.3%	5.3%	5.3%	5.3%	5.4%	5.6%
<b>SELECTED US PRODUCTION INDICES</b>												
<b>Wood Products</b>	104.9	106.6	107.9	108.3	107.3	105.6	103.9	102.2	100.5	98.2	96.8	96.7
% Ch	7.7%	6.3%	5.0%	1.5%	-3.5%	-6.1%	-6.3%	-6.4%	-6.5%	-9.0%	-5.4%	-0.7%
<b>Computers &amp; Electronic Products</b>	366.7	378.0	388.6	397.7	407.1	417.2	428.7	441.5	453.1	464.5	476.1	488.5
% Ch	13.5%	12.9%	11.7%	9.7%	9.7%	10.3%	11.5%	12.5%	10.9%	10.4%	10.4%	10.9%
<b>Food</b>	115.2	115.7	116.2	116.8	117.3	117.9	118.4	119.0	119.6	120.2	120.8	121.5
% Ch	1.8%	1.7%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.0%
<b>Agricultural Chemicals</b>	76.8	79.9	79.9	79.7	79.5	79.2	79.0	78.8	78.7	78.7	78.8	78.7
% Ch	12.0%	17.0%	-0.1%	-0.8%	-1.2%	-1.5%	-1.0%	-0.7%	-0.5%	-0.4%	0.5%	-0.5%
<b>Metal Ore Mining</b>	78.7	79.2	80.0	80.7	81.3	81.9	82.5	83.1	83.6	84.1	84.5	85.0
% Ch	1.5%	2.6%	4.1%	3.5%	3.0%	3.0%	3.0%	2.9%	2.4%	2.4%	1.9%	2.4%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

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## **APPENDIX**

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## THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the nonprofit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

## THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

**personal income = wage and salary payments + other labor  
income + farm proprietors' income + nonfarm proprietors'  
income + property income + transfer payments - contributions  
for social insurance + residence adjustment.**

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

# IDAHO ECONOMIC MODEL

$$EEA\_ID = EEA\_ID\_GOODS + EEA\_ID\_NONGOODS$$

$$EEA\_ID\_2100 = 4567.855 + 54.848*ID0IP2122\_2123 - 3665.535*(JULCNF/WPI10) - 15.156*(IPSG21/ENRM21) + 13.231*TREND$$

$$EEA\_ID\_2300 = 13650.426 + 493.542*ID0HSPRS1\_A + 423.036*ID0HSPRS1\_A(-1) + 352.530*ID0HSPRS1\_A(-2) + 282.024*ID0HSPRS1\_A(-3) + 211.518*ID0HSPRS1\_A(-4) + 141.012*ID0HSPRS1\_A(-5) + 70.506*ID0HSPRS1\_A(-6)$$

$$EEA\_ID\_3110 = 26358.836 + 60.245*MOVAV(IPSG311,4) - 236.379*IPSG311/EMN311$$

$$EEA\_ID\_3230 = 738.391 + 21.418*MOVAV(IPSG323,8) - 5.001*TREND$$

$$EEA\_ID\_3250 = 2372.476 + 19.414*MOVAV(IPSG3253(-1),4) - 1935.741*DUM951ON$$

$$EEA\_ID\_3320 = -1160.581 + 49.928*MOVAV(IPSG332,2) - 634.791*(JULCNF/WPI10) + 3.843*TREND$$

$$EEA\_ID\_3330 = 441.127 + 30.340*IPSG333 - 2.583*TREND$$

$$EEA\_ID\_3340 = -18419.262 + 26.865*MOVAV(IPSG3341,4) + 12.122*DUM911011* MOVAV(IPSG3341,4)- 91.317*IPSG3341/EMD334+327.402*TREND$$

$$EEA\_ID\_4200 = 6507.884 + 0.322*EEA\_ID\_44\_45-36.027*TREND$$

$$EEA\_ID\_44\_45 = 24657.973 + 152.568*MOVAV(YPADJ\_ID,4)/MOVAV(JPC,4)$$

$$EEA\_ID\_48\_49\_22 = -8384.375 + 0.844*EEA\_ID\_4200 + 4552.166*ID0NPT$$

$$EEA\_ID\_5100 = -5155.574 + 52.030*MOVAV(IPSN51112T9,6) + 20.159*MOVAV(IPSG51111,4) + 5158.240*ID0NPT$$

$$EEA\_ID\_52\_53 = -11251.499 - 6039.995*DUM981ON + 2178.101*(DUM9801004*MOVAV(SP500/SP500(-2),2) + 96.838*ID0KHU$$

$$EEA\_ID\_54\_55\_56 = -38052.026 + 155.554*YPADJ\_ID/JPC + 207.324*MOVAV(RADR,8)$$

$$EEA\_ID\_61\_62 = -48155.902 + 59653.632*ID0NPT + 82.041*YPADJ\_ID/JPC$$

$$EEA\_ID\_71\_72 = -49995.530 + 126801.480*ID0NPT-499.072*TREND$$

$$EEA\_ID\_8100 = 2057.874 + 49.419*MOVAV(YPADJ\_ID,2)/MOVAV(JPC,2) +1298.540*DUM931964$$



$$EEA\_ID\_DMANU = EEA\_ID\_WOOD + EEA\_ID\_3320 + EEA\_ID\_3330 + EEA\_ID\_3340 + EEA\_ID\_MFDNEC$$

$$EEA\_ID\_GOODS = EEA\_ID\_MANU + EEA\_ID\_2300 + EEA\_ID\_2100$$

$$EEA\_ID\_GV = EEA\_ID\_GVSL + EEA\_ID\_GVF$$

$$EEA\_ID\_GVF = -3266.790 + 1238786.989*EG91*(ID0NPT/N) + 4.863*TREND$$

$$EEA\_ID\_GVSL = EEA\_ID\_GVSLAD + EEA\_ID\_GVSLED$$

$$EEA\_ID\_GVSLAD = -4472.481 + 33689.989*ID0NPT + 0.306*MOVAV(ID0YPTXB(-4),4) - 3.494*DUM911034$$

$$EEA\_ID\_GVSLED = 8960.141 + 59587.259*ID0NPT*((N-N16A)/N) + 0.880*MOVAV(ID0YPTXB(-4),2)$$

$$EEA\_ID\_MANU = EEA\_ID\_DMANU + EEA\_ID\_NMANU$$

$$EEA\_ID\_MFDNEC = -3255.845 + 108.264*MOVAV(ID0IPMFDNEC,2)$$

$$EEA\_ID\_MFNNEC = 835.876 + 1.457*(CNCSR+CNOOR) + 26.113*MOVAV(IPSG322,2)$$

$$EEA\_ID\_NMANU = EEA\_ID\_3110 + EEA\_ID\_3230 + EEA\_ID\_3250 + EEA\_ID\_MFNNEC$$

$$EEA\_ID\_NONGOODS = EEA\_ID\_SV + EEA\_ID\_4200 + EEA\_ID\_44_45 + EEA\_ID\_GV$$

$$EEA\_ID\_SV = EEA\_ID\_48_49_22 + EEA\_ID\_5100 + EEA\_ID\_52_53 + EEA\_ID\_54_55_56 + EEA\_ID\_61_62 + EEA\_ID\_71_72 + EEA\_ID\_8100$$

$$EEA\_ID\_WOOD = 18067.858 + 129.567*MOVAV(IPSG321,2) - 7051.720*(JULCNF/WPI08) - 48.621*IPSG321/EMD321 - 61.106*TREND$$

$$ID0AHEMF = -3.875 + 15.315*(EEA\_ID\_DMANU(-1)/EEA\_ID\_MANU(-1)*JULCNF) + 15.286*(EEA\_ID\_NMANU(-1)/EEA\_ID\_MANU(-1)*JULCNF)$$

$$ID0CRCROP = -682937.435 + 13112.683*CRCROP + 1101452.593*WPI01$$

$$ID0CRLVSTK = -274428.892 + 20747.811*(CRCATCVS+CRDAIRY) + 7932.123*TREND$$

$$ID0EXFP = -57009.312 + 1064462.546*WPI01 + 19241.224*TREND$$

$$ID0HSPR = ID0HSPRS1\_A + ID0HSPRS2A\_A$$

$$\text{ID0HSPRS1\_A} = -40.687 - 0.728 * (\text{RMMTGEXIST} - \text{MOVAV}(\text{RMMTGEXIST}(-1), 4)) + \\ 143.540 * (\text{MOVAV}(\text{ID0NPT}(-1), 4) - \text{MOVAV}(\text{ID0NPT}(-5), 4)) + 0.336 * \text{ID0KHU}(-1) - 0.522 * \text{TREND}$$

$$\text{ID0HSPRS2A\_A} = 5.056 + 36.293 * (\text{MOVAV}(\text{ID0NPT}(-1), 4) - \text{MOVAV}(\text{ID0NPT}(-5), 4)) - \\ 0.229 * \text{MOVAV}(\text{RMMTGEXIST}, 4) - 0.003 * \text{TREND} * \text{RMMTGEXIST}$$

$$\text{ID0KHU} = \text{ID0KHU1} + \text{ID0KHU2A}$$

$$\text{ID0KHU1} = ((0.997)^{0.25}) * \text{ID0KHU1}(-1) + \text{ID0HSPRS1\_A} / 4$$

$$\text{ID0KHU2A} = ((0.997)^{0.25}) * \text{ID0KHU2A}(-1) + \text{ID0HSPRS2A\_A} / 4$$

$$\text{ID0NB} = -9.239 + 37.574 * \text{ID0NPT} - 0.154 * \text{TREND}$$

$$\text{ID0ND} = 0.725 + 5.979 * \text{ID0NPT} + 0.009 * \text{TREND}$$

$$\text{ID0NMG} = (\text{ID0NPT} - \text{ID0NPT}(-4)) - (\text{ID0NB} - \text{ID0ND}) / 1000$$

$$\text{ID0NPT} = 0.664 + 0.005 * \text{TREND}$$

$$\text{ID0WBB\$} = \text{ID0WBBMF\$} + \text{ID0WBBOTH\$} + \text{ID0WBBCC\$} + \text{ID0WBBF\$} + \text{ID0WBBMIL\$}$$

$$\text{ID0WBBCC\$} = (\text{ID0WRWCC\$} * \text{EEA\_ID\_2300}) / 1000000$$

$$\text{ID0WBBF\$} = -90.970 + 275.743 * \text{WPI02}$$

$$\text{ID0WBBMF\$} = (\text{ID0WRWMF\$} * \text{EEA\_ID\_MANU}) / 1000000$$

$$\text{ID0WBBMIL\$} = 14.851 + 277.580 * (\text{ID0NPT}/N) * \text{GFMLCWSS}$$

$$\text{ID0WBBOTH\$} = \text{ID0WRWOTH\$} * (\text{EEA\_ID} - \text{EEA\_ID\_2300} - \text{EEA\_ID\_MANU}) / 1000000$$

$$\text{ID0WRWCC\$} = -106.480 + 2251.822 * \text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = -10374.227 + 3644.946 * \text{ID0AHEMF}$$

$$\text{ID0WRWOTH\$} = -13193.381 + 2897.413 * \text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -70.954 + 1.061 * (\text{YP}(\text{PAINT} + \text{ZADIV} + \text{YP}(\text{RENTADJ})) * \text{MOVAV}(\text{ID0YP\$}(-1), 4) / \text{MOVAV}(\text{YP}(-1), 4))$$

$$\text{ID0YFC\$} = -11859.941 + 0.966 * \text{ID0YFC\$}(-1) + 19021.597 * \text{WPI01}$$

$$\text{ID0YINV\_R\$} = -29839.875 + 0.852 * \text{ID0YINV\_R\$}(-1) + 56217.395 * \text{WPI01}$$

$$ID0YP = ID0YP\$ / JPC * 100$$

$$ID0YP\$ = ID0WBB\$ + ID0YSUP\$ + ID0YDIR\$ + ID0YPRNF\$ + ID0YPRF\$ + ID0YTR\$ + ID0YRA\$ - ID0YSI\$$$

$$ID0YP\$PC = ID0YP\$ / ID0NPT$$

$$ID0YPNF = ID0YPNF\$ / JPC * 100$$

$$ID0YPNF\$ = ID0YP\$ - ID0YPRF\$ - ID0WBBF\$$$

$$ID0YPNFPC = ID0YPNF\$ / JPC * 100 / ID0NPT$$

$$ID0YPPC = ID0YP / ID0NPT$$

$$ID0YPRF\$ = 128.222 + 0.171 * ((ID0CRCROP + ID0CRLVSTK + ID0YTRF\$ + ID0YINV\_R\$ - ID0YFC\$ - ID0EXFP) / 1000) + 3.123 * TREND$$

$$ID0YPRNF\$ = 61.740 + 4.328 * YPPROPADJNF$$

$$ID0YPTXB = (ID0WBB\$ + ID0YPRNF\$ + ID0YDIR\$ + (ID0YPRF\$ - ID0YINV\_R\$ / 1000)) / JPC * 100$$

$$ID0YRA\$ = -86.366 + 0.035 * ID0WBB\$$$

$$ID0YSI\$ = -28.292 + 2.279 * TXSIEC * ID0WBB\$ / YPCOMPWSD$$

$$ID0YSUP\$ = 4.306 + 1.623 * YPCOMPSUPPAI * ID0WBB\$ / YPCOMPWSD$$

$$ID0YTR\$ = 0.463 + 837.656 * (YPTRFGF + YPTRFGSL) * (ID0NPT / N)$$

$$ID0YTRF\$ = 19176.957 + 10953.587 * TRF\$$$

$$IDWAGE = (ID0WBB\$ - ID0WBBF\$ - ID0WBBMIL\$) / EEA\_ID * 1000000$$

$$YPADJ\_ID = ID0YPNF\$ + MOVAV(ID0YPRF\$, 4) + MOVAV(ID0WBBF\$, 4)$$

## ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_R\$	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 2000 dollars
ID0YP\$	Total personal income
ID0YP\$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 2000 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFP\$	Per capita nonfarm income, 2000 dollars
ID0YPPC	Real per capita personal income
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 2000 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Average annual wage
YPADJ_ID	Adjusted total personal income

## EXOGENOUS VARIABLES

CNCSR	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain
weighted	
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops
CRDAIRY	Cash receipts, U.S. dairy
DUM911011	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or noneconomic event such as strikes, plant opening, or closures, unusual weather conditions, etc.
DUM911034	
DUM931964	
DUM9510N	
DUM98011004	
DUM9810N	
TREND	
EG91	Employment in federal government
ENRM21	Employment in mining
GFMLCWSS	Federal government defense personnel outlays
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 1997=100.0
ID0IPMFDNEC	Industrial production index, other nondurable goods, 1997=100.0
IPSG21	Industrial production index, mining, 1997=100.0
IPSG311	Industrial production index, food, 1997=100.0
IPSG321	Industrial production index, wood products, 1997=100.0
IPSG322	Industrial production index, paper, 1997=100.0
IPSG323	Industrial production index, printing, 1997=100.0
IPSG3253	Industrial production index, agricultural chemicals, 1997=100.0
IPSG332	Industrial production index, fabricated metal products, 1997=100.0
IPSG333	Industrial production index, machinery, 1997=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 1997=100.0
IPSG51111	Industrial production index, newspaper publishing, 1997=100.0
IPSN51112T9	Industrial production index, other publishing, 1997=100.0
JEXCHOITPREAL	Real US trade-weighted exchange rate with other important trading partners
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
JULCNF	Index of unit labor costs, nonfarm business sector, 1992=1.0
N	Population, U.S.
NP16	Population, U.S., aged 16 and older
RADR	Real research and development spending, 2000 dollars, chain weighted
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF\$	Government payments to U.S. farms
TXSIEC	Personal contributions for social insurance, U.S.
WPI01	Producer price index, farm products, 1982=1.0

WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0
YP	Personal income
YPAINT	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJNF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends